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[COMMITTEE PRINT]

LARGE CORPORATIONS AND URBAN EMPLOYMENT

SUBCOMMITTEE ON THE CITY

OF THE

COMMITTEE ON
BANKING, FINANCE AND URBAN AFFAIRS
HOUSE OF REPRESENTATIVES

95th Congress, Second Session

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FEBRUARY 1978

Printed for the use of the
Committee on Banking, Finance and Urban Affairs

This report has not been officially adopted by the Subcommittee on the City and may not therefore necessarily reflect the views of its members.

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U.S. GOVERNMENT PRINTING OFFICE

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Washington, D.C. 20402

(4) Which existing federal, state or local policies, if any, discourage you from maintaining or locating operations in central cities? What new governmental policies would encourage you to maintain or locate operations in these areas?

We would appreciate receiving your response by December 15.

Sincerely,

HENRY S. REUSS, *Chairman.*
EDWARD W. PATTISON.
HERMAN BADILLO.
MARY ROSE OAKAR.
JAMES M. HANLEY.
JOHN J. CAVANAUGH.
JIM MATTOX.
STEWART B. MCKINNEY.
MILLICENT FENWICK.

The Subcommittee is printing a representative selection of responses to the letter in the belief that:

1. The number of corporations expressing a commitment to central cities and a desire to help solve the problems of the unemployed provides grounds for some optimism about retaining jobs in central cities;

2. Some corporations have devised innovative approaches to meet the specific job needs of central city residents that could well be adopted by others;

3. A number of themes recur which can alert government officials at all levels to areas where more cooperation between the public and private sector will yield substantial benefits for central cities and their residents.

Part I of the Committee Print contains the text of 105 of 201 letters received from industrial firms listed in the "Fortune 500." Part II contains the text of 96 of 151 letters received from non-industrial firms listed in the "Fortune 300." Part III lists all corporations that responded to the Subcommittee's letter.

In deciding which letters to publish, the following criteria were used:

1. Only replies from corporations that had substantial business in central city locations were included.
2. To the maximum extent feasible, the replies selected represent a cross-section of American business activity.
3. Those replies which were substantially responsive to the Subcommittee's letter of inquiry were included.
4. Replies that set out innovative corporate approaches to the problem of urban unemployment or proposed better ways to coordinate public and private policies to deal with this problem were also included.

Firms expressing the strongest commitment to remaining in and expanding their operations in the central city cite a variety of reasons for their decisions:

1. A desire to retain the services of experienced and loyal employees which might be lost if the corporation were to relocate.
2. The availability of a large pool of semi-skilled and unskilled employees adaptable to their operations.
3. Proximity to a wide range of services, supplies and subcontractors, including an opportunity for interaction and face-to-face contact.
4. Cost-benefit analyses that found the value of present capital investment was greater than any potential improvements in productivity through new facilities.
5. A sense of social and civic responsibility to deal with the problems of the communities that had fostered their original growth.

Many firms pointed out that locational decisions are essentially economic decisions based largely on the need to maximize profits. However, a number of characteristics of central cities were often mentioned as barriers to retaining or expanding operations in these locations.

1. The Limited Availability of Land.—The high cost of land in central cities, and difficulties in land assemblage were viewed as impediments to the location of modern production facilities in central cities. Even if land were available at a reasonable cost, a number of corporations cited land use controls as severely restricting development opportunities.

2. Poor Public Services.—The low quality of central city public educational systems was frequently cited as a problem, because it generally results in a potential employee pool with inadequate entry level skills

and because it inhibits the recruitment of middle-level executives with families. Crime was also viewed as a major problem. Many respondents expressed concern for the personal safety of employees and the higher costs for additional plant security measures. Many corporations said that adequate transportation facilities are essential for their operations. They indicated a need for uncongested streets as well as accessible interstate highways; adequate parking facilities, as well as reliable public transportation. It was generally felt that central cities do not meet these needs. Finally, concern was expressed by many over the poor quality and high cost of housing in central cities, which inhibits the recruitment of qualified personnel.

3. Overregulation.—A number of respondents perceived government regulations to be particularly uncoordinated and onerous in central cities. Federal environmental regulations, which inhibit new construction or expansion of existing facilities in most central cities were often cited. In addition, the high costs of bringing older plants into conformance with environmental and OSHA regulations were mentioned as inducements to abandon existing facilities in favor of new non-city locations.

4. Perceived Anti-Business Attitude of Local Governments.—Many corporations believe that the structure and administration of local taxes place an unfair burden on central city firms vis-a-vis other city taxpayers, and believe this situation is unlikely to change and may worsen in the future. Frequent mention was also made of the increased costs associated with local regulations and red tape, building codes and permits, zoning ordinances and other land use controls, which make it difficult to remain competitive. Some corporations endorsed the social policy goals underlying certain regulations, but deplored the lack of sensitivity of local politicians and bureaucrats to their problems of operating in central cities.

5. High Taxes.—Over one-third of the respondents said that central city business taxes, especially the local property tax, were excessive in comparison with suburban locations, and given the level central cities services. In addition, when considering central city locations, a number of respondents indicated concern for the level of personal taxes. If cities impose high personal taxes, such as income and wage taxes, firms worry they will have to compensate by providing higher salaries in order to attract employees.

6. Lack of an Adequate Labor Supply.—Corporations expressed concern that the work force available in central cities is not adequately educated and lacks the necessary experience and motivation to successfully compete for entry level positions. The recent expansion of income transfer programs, for example, unemployment insurance, workmen's compensation, and welfare, was perceived as contributing to what they believe to be a change in people's attitudes toward work. A number of respondents also felt that the Federal requirement that firms pay the full minimum wage to relatively undertrained and undereducated individuals turned out by central city educational systems severely limited their ability to provide employment opportunities. Many respondents felt that Federally sponsored programs designed to

upgrade the skills of the local labor force often are not sensitive to the needs of business, and carry excessive record-keeping requirements. As a result, there appeared to be greater reliance on privately funded and initiated programs tailored to meet local needs rather than wholesale participation in Federally sponsored programs.

The major themes that emerge from these corporate responses will be useful not only to this committee, but other committees of the Congress and the administration as we work out the details of a national urban policy.

Sincerely,

HENRY S. REUSS,
Chairman, Committee on Banking, Finance and Urban Affairs.

CONTENTS

	Page
Letter of Transmittal	iii
I. Selected Responses from the Fortune 500 Industrial Corporations	1
II. Selected Responses from the Fortune 300 Non-industrial Corporations	385
A. Banking	387
B. Diversified Financial	477
C. Insurance	503
D. Retail	575
E. Transportation	623
F. Utilities	647
III. Alphabetical Listing of All Responses Received	725
Fortune 500 Largest Industrials	727
Fortune 300 Largest Non-industrials	731

I. SELECTED RESPONSES FROM THE FORTUNE 500 INDUSTRIAL CORPORATIONS

American Brands, Inc.
245 PARK AVENUE, NEW YORK, NEW YORK 10017

November 30, 1977

Committee on Banking, Finance
and Urban Affairs
Subcommittee on The City
U.S. House of Representatives
Washington, D.C. 20515

Gentlemen:

The following responds to your October 27 letter to Mr. R. K. Heimann, Chairman of American Brands, Inc.

For purpose of our response, we have considered an operation to be at a central city location if it is (a) physically located within a fairly large city with a high unemployment ratio, or (b) outside a city with areas of high unemployment from which it would draw employees.

1. American Brands is a diversified company engaged in the manufacture and sale of consumer products. We have about 49 operations located in or near central cities employing about 18,000 people or 65% of our domestic work force. These operations are mainly manufacturing, including clerical and other support services.

2. We have no plans to expand or contract these operations in the next five years; however, if past experience is any guide, it is reasonable to assume that both expansion and contraction will occur depending upon the future course of the various businesses.

3. American Brands promotes the hiring of underprivileged and hardcore employees wherever and whenever we can. As a government contractor, this positive approach is cited time and time again in our Affirmative Action Compliance Programs which are maintained at each of our facilities. They, along with submissions to local United States Employment Service offices not only signal the job openings which occur but allow that agency to refer anyone they deem qualified or trainable to our local recruitment offices. While our operations do not lend themselves to permanent recruiting offices in the nearby cities, it does give the United States Employment Service every opportunity to refer qualified candidates.

4. I don't believe one can point to specific governmental policies which affect businesses' attitudes towards locating in central cities. Rather I believe it is the complex of federal, state and local policies and the administration thereof which have resulted in an inhospitable business climate in some cities. This is reflected in the flight of the middle class, high taxes, crime in the streets, burgeoning welfare rolls, unreasonable environmental and safety requirements, high insurance costs, bureaucratic inefficiency, educational systems the products of which are often unfit in terms of educational preparation and attitude, etc.

Further, since each community has rather distinct and different characteristics in terms of geography, business and political leadership, etc., it is hard to come up with specific suggestions which are equally applicable. I would, however, direct attention to the information available from The Conference Board as a result of its workshops and conferences on business-government cooperation.

The Chock Full O'Nuts Corporation's unfortunate experience in trying to salvage the Rheingold Breweries in New York is a classic illustration of how, in the final analysis, business cannot survive, provide jobs and pay taxes when its production and distribution costs are higher than competition. And a manager has but one choice if survival depends upon moving to a region with a more hospitable business climate.

Sincerely,

G. J. Schramm

G. J. Schramm
Executive Vice President

AMSTED INDUSTRIES
INCORPORATED
3700 PRUDENTIAL PLAZA · CHICAGO, ILLINOIS · 60601

November 23, 1977

The Honorable Henry S. Reuss
Chairman - Subcommittee on the City
604 House Office Building, Annex 1
Washington, D.C. 20515

Dear Sir:

I am pleased to reply to your letter of October 27 pertaining to central city employment.

1. AMSTED has two plants in or near central-city locations; namely, its Litho-Strip metal coating operation in Chicago, which employs about 100 people and its Diamond Chain roller chain operation in Indianapolis which employs about 1,000 people. Corporate and divisional headquarters in the Chicago "Loop" employ another 400 people drawn from all parts of the metropolitan area, but I doubt that your definition of "central city" includes the downtown commercial center. AMSTED's total employment is about 10,000.

2. There are no present plans for major expansion or contraction of these Litho-Strip and Diamond Chain plants during the next five years. Such action, if later decided upon, would be based on relative economics of production and market conditions.

3. AMSTED has provided employment to about 750 hard-core unemployed under the National Alliance of Businessmen. It has participated in prisoner work-release programs and programs involving parolees to provide employment for well over 100 employees, and participates on a continuing basis in high school work-study programs and other job training programs. Special efforts are made to recruit through agencies specializing in finding work for the underprivileged and minorities. Currently AMSTED's units are actively working with local agencies to set up programs under The Comprehensive Employment and Training Act, and are providing speakers and plant tours to aid in developing the programs.

4. Government policies that discourage business expansion in central-city areas include:

   a. the mandated minimum wage, which often exceeds the productivity of unskilled, borderline labor available in central city areas;

b. local head taxes and high property taxes; and

c. inadequate police security, making it difficult to recruit and retain skilled, clerical and managerial employees to work in high-crime central-city areas.

Government policies that would encourage business to locate in central-city areas would, of course, include elimination of the effects of the above listed conditions.

Joint Government-Industry job training programs have proved helpful, and should continue. There is a need for help to the central-city underprivileged in social and attitudinal areas--the development of a work ethic, the development of self-discipline, the development of a willingness to join in group efforts--or, in short, the raising of morale. Training in job skills is important, but not the whole answer.

Your Committee has undertaken a difficult task. I hope that it can improve the climate for business expansion in our central-city areas.

Sincerely,

Goff Smith

J. OTTMAR · Amtel, Inc., Providence · (401) 331-2400

November 4, 1977

Honorable Henry S. Reuss, Chairman
Subcommittee on the City
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Mr. Reuss:

We have your letter of October 27 regarding employment in our central cities. I am not certain of your definition of central cities, but believe I can give you meaningful data.

Our corporate headquarters is located in Providence, Rhode Island, and we have two factories doing light industrial work--making costume jewelry. We employ about 300 and there has been and probably will continue to be a modest growth of our employment in these plants. Two years ago, we invested in some additional factory space. There are some skills involved and for the most part we provide on-the-job training.

We have an operation in the Bronx in New York City, where the employment has been about 125 and we are currently building up the workforce to 175 to 200. These are low-skilled jobs and on-the-job training is all that is necessary. We are in the process of selling that particulat operation but the proposed buyer expects to continue in the same location with a modest build-up.

We have a light industrial plant in Chicago, making industrial fasteners, and we employ approximately 100 people. We neither foresee expansion nor shrinkage in that location. We are fully utilizing our facilities and have no land for expansion in that location and I don't believe we would have a need to expand even if we had more land.

We have fairly sizable employment in Houston; Wichita, Kansas; and Los Angeles but these are all engineering offices employing from 100 to 300 engineers and white collar workers in each office. We see gradual expansion in all locations but I don't believe these statistics bear on the problem you are working with.

23-313 O - 78 - 2

As to your last question, I would say the raising of the minimum wage level will be, in my opinion, the greatest handicap towards increasing employment in many of our central cities. The reason being the quality of labor available is generally lower than that which is available in suburban areas. Heretofore with some wage differential, one was able to cope with it; but as the minimum wage brings these people up, the comparisons become more difficult. At this point, in my opinion, companies are going to leave their older, run-down, multi-story facilities in the centralized city areas and move into modern, better equipped plants in the suburbs which will, in most cases, give higher production per manhour.

Sincerely,

J. Ottmar

ARMCO STEEL CORPORATION

GENERAL OFFICES · MIDDLETOWN, OHIO 45043

C. WILLIAM VERITY, JR.
CHAIRMAN

ARMCO November 29, 1977

The Honorable Henry S. Reuss
The House of Representatives
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Mr. Reuss:

I share the concern that you and members of the Subcommittee on the City have for the plight of our central cities and their unemployed. The problem is complex and deserves thoughtful review by your Subcommittee.

Before answering your questions, I would like to point out that Armco has not shut down or transferred any of its operations in central cities. Armco, along with other domestic steel companies, has been seriously impacted by growing imports of foreign steel. The dumping of steel in this country at prices below those in the country of origin has forced the closing of some steel plants. Fortunately, Armco has been able to maintain its operations although there have been substantial layoffs of employees. If import relief is not forthcoming, there undoubtedly will be more plant shutdowns and thousands more without jobs.

This situation I have just described is very tenuous and depends largely on President Carter's willingness to follow through and vigorously enforce the anti-dumping laws or obtain agreement on reference pricing. By such means, fair competition can be restored between American and foreign steel producers. I am hopeful that the President will be supportive of the domestic steel industry at this critical time. I am sure that you and your Subcommittee will agree that we do not need more layoffs of the magnitude of those in Youngstown, Ohio, or Lackawanna, New York.

After consulting with a member of your Subcommittee staff, we have defined a central city as an area with a population of 50,000 people or more. Here is the information you requested:

Item 1 - We have a total of 9,400 people employed in our Middletown-Hamilton, Ohio, operations which include our largest steel plant, a fabricating plant, a large research facility and our general office. This is about one-fourth of our total domestic employment of 40,000 people.

We employ 5,000 people in our Houston, Texas, steel plant, fabricating facilities and offices.

Another 5,000 are employed in Kansas City, Missouri, in steel and fabricating facilities and engineering operation.

A steel operation in Baltimore, Maryland, employs 1,150 and in the Los Angeles, California, area we employ 850 in a variety of operations.

The balance of our central city employment is in small operations ranging in size from 170 people down to eight employees. In this group, we have 23 central cities represented. The total number of employees in these areas is 825.

Generally speaking, we have 22,000 employees in central cities and 18,000 in smaller communities.

Item 2 - In our steel operations, we are not planning any expansion in central cities. In most of our central city locations, we do not have sufficient acreage available for expansion. If the import problem is not resolved, we might be forced to contract or shutdown certain operations.

In our nonsteel operations, there will be some growth. For example, we are planning to expand our insurance operations in Dallas from about 100 people at present to about 200.

Item 3 - We do not have any recruitment or job-training programs aimed specifically at the unemployed in central cities. Because of the special problems related to the steel industry, we are working hard to keep those presently employed by us from joining the ranks of the unemployed.

Item 4 - Some Federal policies are helping to cause inner city decay. For example, there formerly was a program which made available tax exempt, low-cost, industrial revenue bonds for companies which desired to modernize old plants or build new plants. This was revoked in 1968 and should be reinstated.

Another item which is accelerating the shutdown of old plants is EPA requirements. Today, it is more feasible to shut down old plants than to install pollution control. For example, in the past two years the steel industry has devoted 30% of its capital investment to pollution abatement. None of this resulted in one cent of return on investment. In addition, we must spend 10% of our initial investment in pollution abatement equipment to operate and maintain it.

The investment Tax Credit is an example of a program which provides businesses with an incentive to modernize. It should be made permanent rather than on again and off again. Business cannot adjust to this kind of uncertainty.

Presently, there is a 50% limitation on the amount of investment tax credit that can be used in one year towards a corporation's Federal Income Tax liability. This limitation should be removed and, in addition, ITC should be made refundable if a company does not have sufficient tax liability to utilize it in one year.

> I believe all of these tax items are impacting the ability of companies to grow or maintain operations in central cities as well as in smaller communities.

But if the burden of EPA policies could be eased and if government would reduce its size and appetite so that taxes could be lowered and tax policies amended, then industrial growth would be fostered in central cities. Sometimes I think we tend to forget that business incentive programs worked well in the past and certainly could restore stability in business today.

There is merit in tax reform which serves to accelerate business growth and create jobs. As has been said, private enterprise can create a job for 25% of the cost of a job created by the government. If we want to create jobs and reduce unemployment, this is the area where substantive action can make things happen.

I sincerely hope that I have answered all your questions. If I can be of any further help, please let me know.

Sincerely,

Armstrong

FRANK H. SIMPSON
Director
Public Relations
and Public Affairs

LANCASTER, PA 17604

November 2, 1977

Hon. Henry S. Reuss, Chairman
Subcommittee on the City
Committee on Banking, Finance and Urban Affairs
604 House Office Building, Annex 1
Washington, DC 20515

Dear Mr. Chairman:

This is in response to your letter of October 27 addressing the problem of unemployment -- particularly the almost endemic unemployment that exists in the hearts of most major cities. Rather than attempting to answer your questions one-by-one, I have chosen to describe the situation with our company in narrative, as I believe this will give you a more accurate picture.

None of Armstrong's plants in the United States is located in large or "central city" areas. Nor do we have any specific plans for constructing any major new facilities within the time frame you refer to. With regard to distribution centers, it will be helpful for you to understand that most of our interior furnishings products — resilient flooring, carpet and ceilings — are distributed through independent wholesalers and contractors across the United States. They maintain their own warehouses, distributing within their respective trading areas from these stocking points.

The historic circumstance of our having located manufacturing facilities in small and medium-sized communities is a result of a number of considerations that we and others like us take into account when making a siting decision. Among the more important factors that we weigh are:

The "business climate" of the state and community.

Cost and availability of land; its zoning and use requirements.

Raw material availability.

Marketing considerations.

Transportation cost and adequacy.

Energy and waste disposal availability and cost.

Nature and size of the work force — the "community ethic."

Schools, housing and community amenities.

While we appreciate your Committee's concern and its implied desire to encourage the establishment of manufacturing facilities in the center of large metropolitan areas, it appears to us that you may be overlooking what seems to be a more realistic "target of opportunity" for increased employment of minorities in particular and center city residents in general. That is, the service industries. Most projections indicate a rosier employment outlook in the fields of health care, personal care, home repair and refurbishing, and government (at all levels), as well as in retail and wholesale trade, as compared generally with opportunities in the manufacturing segment of our economy.

Not only is it the major cities that have the problem of decaying central cores; this is almost a universal concern of medium-sized and smaller communities, too -- including those cities in which we have a presence. It is Armstrong's commitment to do what it can do as a corporation to help to improve the communities in which it has a stake. As one result of this commitment, some three years ago we made the decision to locate two major facilities in a long vacant and leveled redevelopment area in the center of Lancaster, Pennsylvania, our corporate headquarters city. It was our hope -- since realized -- that such an undertaking would serve as a catalyst in helping to revitalize downtown.

While we had originally planned to build on our Technical Center site (a campus-like complex west of the city), we became convinced that the new facilities could be located in center city Lancaster without loss of operating efficiency and without cost penalty. Today more than 300 employees now work in a seven-story office building and Interior Design Center in the newly created Armstrong Hevre, Lancaster Square. These buildings, along with a corporate headquarters building also built in the same block at the same time by National Central Bank, have inspired a rejuvenation and a change of direction in the purpose of Lancaster's downtown; that is, away from traditional department store merchandising dependence (long ago captured by shopping centers) -- and toward increased cultural activity, business offices, financial and professional buildings, and specialty shops. Too, there is increased interest in returning people to the downtown by building middle- and upper-income residential facilities, thus creating a market for more specialty shops and services.

The problem being addressed by your committee is a very serious one. We wish that we had new, unusual and surefire suggestions for solving the perplexing unemployment situation. We do believe that it will be solved only a bite at a time, in an evolutionary, not revolutionary, fashion and it will be slow, tough going. Your forthright addressing of the situation is a major step in the right direction.

Cordially,

Frank H. Simpson
(Director, Pub Rel & Pub Aff
Armstrong Cork Company, Lancaster, Pa.)

Atlantic Richfield Company
Public Affairs Division
515 South Flower Street
Mailing Address: Box 2679 - T.A.
Los Angeles, California 90051
Telephone 213 486 3607

D. A. Henriksen
Vice President
Government Relations

December 30, 1977

The Honorable Henry S. Reuss
Chairman
Subcommittee on the City
Committee on Banking, Finance and
Urban Affairs
U.S. House of Representatives
604 House Office Building Annex #1
Washington, D.C. 20515

Dear Mr. Chairman:

Atlantic Richfield Company shares your concern over the present condition and future development of America's urban centers. We are happy to provide you the information that you requested which we hope will be supportive of your Committee's efforts.

For your information, I am also including a copy of Participation II, our company's social responsibilities report.

Sincerely,

Donald A. Henriksen

Donald A. Henriksen

Enclosures

(The report referred to, "Participation II", has been retained in the files of the Subcommittee)

Atlantic Richfield's Response
to Committee for the
City Questionnaire

Table of Contents

Question 1 Page 1

Operations in Cities

Question 2 Page 2

Plans in Cities

Question 3 Page 2

Recruitment, Job Training
Activities Aimed at Unemployed
in Cities

Question 4 Page 5

Federal, State and Local Policies
that Impact Operations in Cities

QUESTION 1

Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?

ANSWER 1 (Employee Counts as of End of Third Quarter 1977)

City	Atlantic Richfield Company	The Anaconda Company*	TOTAL
Los Angeles, CA	4,265	1,128	5,393
Dallas, TX	1,742	-	1,742
Philadelphia, PA	2,176	-	2,176
New York, NY	20	200	220
Pittsburgh, PA	157	-	157
Houston, TX	2,880	-	2,880
Chicago, IL	570	-	570
Denver, CO	205	250	455
Louisville, KY	-	762	762
Terre Haute, IN	-	875	875
Atlanta, GA	-	392	392
Miami, FL	-	238	238
Buffalo, NY	-	764	764
Detroit, MI	-	142	142
Waterbury, CT	-	613	613
Linden, NJ	-	362	362
	12,015	5,762	17,741
Employees at other locations within the U.S.	10,181	16,552	26,733
TOTALS	22,196	22,278	44,474

*A wholly owned subsidiary of Atlantic Richfield Company.

QUESTION 2

What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?

ANSWER 2

The company is planning to have a new one million square foot building in downtown Los Angeles as well as a building of similar size in Dallas. Further, a 40-story office building, The Anaconda Tower, is now nearing completion in downtown Denver. The Company also plans for expanding existing producing facilities, chemical plants, refineries, etc., which may well have an impact on central cities, although not necessarily all located there. Such expansion plans may be negatively influenced by Clean Air regulations.

QUESTION 3

What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?

ANSWER 3

Although some of Atlantic Richfield's programs are directed specifically to central city problems, there are other program directed towards minority groups which, of course, tend to be related to this issue.

Atlantic Richfield Company engages in a number of activities which insure that equal employment opportunities are available to inhabitants of our central cities. Our recruitment programs are designed to generate a broad cross-section of applicants, including inner city dwellers. Job training activities, by and large, commence once an applicant is permanently hired. In addition, the Company supports a number of organizations that provide job training and placement assistance to the unemployed and hard core unemployed. Funds and/or technical assistance are also provided to a number of education-oriented institutions which conduct programs designed to prepare central city residents to handle professional positions in such high demand and short supply areas such as Engineering, Science and Business.

Some examples of the types of activities supported or sponsored by Atlantic Richfield are listed below:

1. Our recruitment program has increased the percentage of minorities in the company from 10.2% at the end of 1972 to 15.0% in 1976. A large number of people hired were from our central cities.

2. We have provided summer employment opportunities to Los Angeles disadvantaged youth through the support of Youth Opportunities Unlimited (YOU) organization. Quite often summer jobs lead to permanent employment following high school graduation. In addition, our Dallas office provides summer employment opportunities to 15 minority or female students through its Equal Opportunity Affairs Summer Youth Program and, through individual department and district programs, the Dallas office provides an additional 40 summer jobs for minority students.

3. We participate in the National Alliance of Businessmen's HIRE Program by pledging to employ previously unemployed Veterans, many of whom are residents of our central cities.

   In our Dallas office, special temporary positions have been created to hire individuals who find it difficult to be employed. These positions are designed to help develop the individuals so they are able to compete for permanent positions.

4. We have provided financial aid, technical assistance and sometimes loaned executives to a number of organizations engaged in training and placing central city residents in meaningful jobs. Some of the organizations supported nationally and locally are listed below:

   -Opportunities Industrialization Center (O.I.C.)
   -The Urban League
   -Service Employment Rehabilitation Organization (SER)
   -Texas Rehabilitation Commission

5. We support secondary education-oriented programs which have the ultimate effect of providing jobs for inner city residents.

   -Grants to high school students to enable them to attend college. Roosevelt High in East Los Angeles is a specific example where we grant ten annual scholarships.

   -Support California Youth Authority by assisting administrators to implement curriculum and teaching methods designed to help prison youths find jobs when their terms are completed.

   -Contribute funds to enable graduates of the Addiction Research and Treatment Corporation to pay for their tools and travel expenses to new jobs in Harlem and Brooklyn.

   -A sponsorhip of Philadelphia Regional Introduction for Minorities to Engineering program may result in retention of students in high school and better prepare them to enter job market to take advantage of job training activities.

   -A new program, the Joint Educational Project, will involve Company employees as part-time volunteer tutors in local elementary schools.

   -Support the Dallas Independent School District Business Magnet School Intern Program. Through this program, 13 high school seniors are provided half day on-the-job training in the Dallas office.

   -Provide a high school science and engineering program through visits and presentations in the Houston and Dallas school districts. Through this program, speakers attempt to develop minority group interest in the science and engineering areas.

6. We have supported the Dallas Youth Motivation Plans for Progress program. This program is coordinated by a representative from one of 35 companies in the Dallas area each year on a rotating basis and is aimed at encouraging ninth grade students within the Dallas Independent School District to continue their education through graduation. Atlantic Richfield coordinated this effort in 1977 reaching approximately 12,000 students in the Dallas area. Thirty-one Dallas employees participated in this effort.

Atlantic Richfield is very proud of the many activities it supports in an effort to assist in alleviating the high unemployment that exists in our central cities. The summary provided above represents a sampling of those activities that may most directly affect unemployment relative to the questions posed.

Some other activities engaged in by Atlantic Richfield which may reduce potential unemployment in the central cities are as follows:

1. Atlantic Richfield Foundation Aid to Education Manpower grants. In 1977, $48,000 was contributed to support minority engineering programs at colleges and universities. Another $100,000 was contributed to Tuskegee Institute to aid in the establishment of a Chemical Engineering Program.

2. Summer employment opportunities are provided for college students. Often the students employed are from central cities.

3. Office of Minority Business Enterprise - Business Management Fellowship Program. Atlantic Richfield supports this program by providing sixteen summer job opportunities to socially and economically disadvantaged youth.

4. Financial support was also provided to the University of New Orleans Minority Earth Science Program, and speakers and consultants will be provided in the future as needed. Additional funds and speakers were made available from our Dallas office to assist minorities in engineering programs at five colleges.

5. Support of a number of organizations via funds and technical assistance whose purpose is to increase availability of minorities in the professional area.

   -National Advisory Council on Minorities in Engineering - $20,000 contribution.
   -National Fund for Minority Engineering Students - $25,000 contribution per year for two years.
   -National Consortium for Graduate Degrees for Minorities in Engineering, Inc. - $15,000 contribution.

6. Two additional programs were established in the Dallas office to assist minorities in the accounting and geological fields.

   -An Accounting Co-op Program was established with Grambling University in Louisiana and the Dallas Accounting Group. In this program, minority accounting students work for one semester in the Dallas Accounting Department prior to completing their degree.

   -Established a minority geology program with Virginia State University.

7. The company has an agressive program to seek out and support small businesses run by minorities. In four years, purchases through out Minority Vendor Program have risen from less than 1 million dollars annually to 9.5 million in 1977.

8. The company also has approximately $1.5 million of its funds deposited in minority banks.

QUESTION 4

Which existing federal, state or local policies, if any, discourage you from maintaining or locating operations in central cities? What new governmental policies would encourage you to maintain or locate operations in these areas?

ANSWER 4

The existing federal, state and local policies which discourage maintenance or new location of operations in central cities are part of a complex government-private economic interaction. There have been major legislative and regulative policies promulgated in the last decade which will be the major hurdle in urban development but have for the most part been ignored by spokesmen for the urban populations. The most important is "clean air" policy. The fundamental economic factors that influence location decisions are pollution absorptive capacity, land, labor, capital, raw materials (especially energy), and transportation. These factors provide a convenient topical basis for discussion:

POLLUTION ABSORPTIVE CAPACITY

The most important factor in the economic growth of cities is the Clean Air law and regulations. Unfortunately, urban leaders have ignored this fact. One of the scarcest resources in America for the rest of the Twentieth Century will be air pollution absorptive capacity. Any coherent policy concerned with urban development will have to address this problem.

A city can have land, skilled or cheap labor, capital, entrepreneurship and access to raw materials but if it lacks air pollution absorptive capacity, no new large factories will be built and no new jobs will be created if they are dependent on emission producing processes as is most large industry. It appears to be national policy to cease or limit growth in air polluted areas. The result is to put the burden of growth not on the current air polluters but on new investors. This is a result of the EPA non-attainment policy codified in the Clean Air Act for areas that have not achieved or may not achieve federal air quality standards.

No new factories will be built and no new jobs will be created unless a proposed new facility or modification of an existing facility is able to provide compensatory reduction in emission (tradeoffs) greater than the emissions from the proposed new facility (or modification of the new facility).

Whatever tradeoffs that are presently available will probably be eliminated within the next 12-14 months. Unless a state can show in a plan (which must be approved by EPA by July 1, 1979) to meet the photochemical oxidant and carbon monoxide standards by 1987 and other pollutants by 1982, no new facility or modification may be constructed. While the Clean Air Act speaks about this prohibition being applicable to only major new sources or modifications, EPA interpretation of the term potential effectively includes almost all new sources or modifications within the construction prohibition.

It is unlikely that many major industrial areas will be able to show compliance with the 1987 deadline even if local authorities were to impose the most stringent requirements (such as a reduction in gasoline usage by 90%). As was pointed out by John R. Quarles, Jr. (Wall Street Journal, December 29, 1977), the Clean Air Act will absolutely preclude major industrial development in a state if that state's implementation plan has not been prepared by the state and approved by the EPA by July 1, 1979 for whatever reason.

The Clean Air Act clearly needs major revision if industrial growth is to continue in major industrial areas. At a minimum, the 1987 deadline must be extended and the environmental standards must be re-examined to determine if they accurately reflect health necessities.

Currently, EPA policy denies a company credit if it reduces air pollution in advance of seeking a permit for a new polluting facility. What this means is that the company cannot "bank" air pollution reduction credits for later use. In order to get credit for air pollution reduction to be traded off against pollution which would be emitted by an applied-for facility, the company must coordinate the pollution reduction with the pollution increase. Inter-pollutant tradeoffs should also be allowed by EPA in areas where both pollutants are in the non-attainment category or offset the attainment of a pollutant. The Clean Air Act needs to be changed with the goal of promoting growth balanced with improving air quality.

LAND USE PLANNING

Densely populated cities without urban parks are less desirable work environments. Cities and states should have minimum green space requirements. Local jurisdictions could provide tax incentives to companies to provide accessible green space as part of their landscaping.

Federal policy should make it clear that local land use planning doesn't automatically imply exclusion of major industrial facilities such as oil refineries or power plants. It follows that National Oceanic and Atmospheric Administration (NOAA) should reject any state coastal zone management plan that does not set aside land for industrial/energy growth and/or that does not set up reasonable criteria for energy facility site approvals. Energy siting is an urban issue because urban areas are heavy energy users and require adequate energy supply growth.

LABOR

Lack of quality schools is an important cause of problems in the labor sector. Too high a proportion of urban youth enters the labor force ill-equipped to work in an industrial or bureaucratic environment. Poor urban schools also make employee recruiting and relocation more difficult. If private schooling costs must be factored into the job acceptance decision, then wages and costs go up.

States and local jurisdictions should be willing to set appropriate educational standards to ensure that all graduates have minimum basic skills to be employable and to provide sufficient funding to achieve those standards.

CAPITAL

Capital or finance is of course important. Rising taxes and lack of incentives are important retardants of growth. The federal government could set aside a tax-free capital construction fund for urban industrialization similar to the funds set aside for ship building - where profits from specific ships can be set aside tax-free for investment in more ships. Such an incentive could be very influential.

Property taxes, primarily driven by welfare costs, are rising faster than urban incomes. Federalization of welfare programs might be considered as an alternative to the current system.

RAW MATERIALS (ENERGY)

Urban areas must import all the raw materials they process. Current experience indicates a negative bias against further transportation links, for energy especially. Lacking additional energy, there can be no future growth for the energy-intensive urban areas.

The volume of energy consumption in urban areas is obviously greater than in suburban and rural areas. It follows that clean energy is very important to continued urbanization. Currently, national policy is tilting away from the cleanest energy sources - nuclear and natural gas.

In the case of natural gas, its consumption is the linchpin of the maintenance of air quality in restricted basins such as Los Angeles. The national policy calling for artificially low prices on domestically produced natural gas is limiting the supply to the direct detriment of the urban areas and promoting low priority consumption. In the short run, costs may be lower, but in the long run, conversion to coal will take place due to a mandated shortage of gas. As consumption of natural gas is reduced, the usability of urban areas will also be reduced. If the government wants urban industrial jobs, then it should promote production of natural gas. It must also expedite the solution of the nuclear waste problem which is one of the major inhibitions to needed nuclear development.

ELECTRICITY RATES

A major driving variable in the industrial location decision is the cost of electricity. The current trend in social reform is to deny volume discounts to large block consuming industrial companies.

However, large block users that use baseload power provide the basis of economies of scale for efficient steam plants as opposed to smaller scale, less efficient gas turbines. If, analytically, the large industrial users were separated from the residential users, the result would tend to show that industrial consumers used efficient baseload power while residential consumers primarily used higher cost peakload power.

It would follow that the implementation of electric rate reforms which would eliminate large block discounts in urban areas would be to make industrial location less attractive in urban areas that have large proportions of poor and elderly.

23-313 O - 78 - 3

We advocate utility rates based on the true cost of service but we oppose a rate structure that is in fact a form of transfer payment from the industrial sector to small residential users for social welfare purposes. Very large users have the option of withdrawing from public utility usage and becoming producers of power for their own use to the possible detriment of the public utility operators and their smaller customers.

TRANSPORTATION - WORKERS

Location decision for major offices or factories in central areas of large cities requires consideration of employee commuter facilities. If such systems are not based on mass transit, they tend to be inefficient and major contributors to air pollution. Where government programs alone may have been often unsuccessful in getting commuters out of automobiles and into mass transit, Atlantic Richfield and other companies, working with government, have met with some success. These company-sponsored mass transit programs can provide models that could lead to substantial reduction in automobile emissions. The Atlantic Richfield program provides subsidies and other incentives to employees to join car pools, van pools and to ride buses. Our program has decreased hydrocarbon emissions, conserved fuel and reduced congestion. Adriana Gianturcho, the Director of CalTrans (The California Transportation Authority) has indicated that an increase in the ridership average to 1.4 from the current 1.2 passengers per vehicle would eliminate congestion on the Los Angeles freeways. Atlantic Richfield's ridership average is 1.7 passengers per car. We have demonstrated that commuter patterns can be modified.

We believe, moreover, that such fuel savings should be available for air emissions tradeoffs. Further, we recommend that the EPA develop more clear and liberal rules to facilitate tradeoffs being exchanged or marketed among companies so that, for example, an insurance company with many commuter employees can pass on an offset to a steel plant applicant. This will help promote both cleaner air and job creation in urban areas.

This proposal is by no means a long term solution but it would allow the Clean Air Act to operate more realistically and at the same time helps prevent industrial growth in urban non-attainment areas from coming to a halt. While it may be considered by some desireable as a means of social policy to move industry into less polluted areas, this does not handle the problems of the inner city. The residents of the inner city, particularly the blacks and the chicanos, already have seen too many jobs vanish from commuting distance. It was unfortunate that the Clean Air debate did not include urban interests as vitally affected parties.

TRANSPORTATION - SHOPPERS

Symbolic of the decay of urban centers is the loss of attractiveness of downtown shopping. Contributing to the suburbanizing trend is downtown traffic congestion exacerbated by the lack of good and effective mass transit.

Mass transit is especially inappropriate for shoppers with packages. But government mass transit policy focuses on worker/commuter transit rather than shopper transit. It also tends to ignore the fundamental fact that transit systems are oriented toward worker/shopper destinations which are dense and not origins which are diffuse. If it is true that people will resist using transit systems that involve more than a three-block walk, then transit system design and funding must include plans for interfacing with people movers, mini buses in the dense areas and bicycles and cars in the less dense residential areas.

Further, in the case of shoppers, transit systems should include facilities for shopping cart loading/unloading and between-the-seats cart storage. The Transit Authority in San Diego currently mounts bike racks on the back of some of the buses. This helps. Mounting locking bike racks on sidewalks near bus stops would also contribute to making bus use more convenient.

Since mass transit has a chronic farebox problem, the Committee might consider providing a traditional subsidy and institute mail transport between post offices as an offpeak use for buses. Buses in Denmark currently carry mailboxes which can be conveniently used by commuters, may be conveniently emptied at bus stations and are less vulnerable to theft. The U.S. Postal Service could contract with transit authorities to provide this service. Both groups could probably benefit.

STIMULATING URBAN GROWTH

The most powerful tool that government has to stimulate urban industrial growth is the power to tax or not to tax. It might be possible to stimulate growth through the provision of accelerated depreciation in selected urban areas. Other taxing mechanisms such as extra investment tax credits might also be considered.

The State of California has proposed an urban growth strategy which requires infilling vacant areas in cities first. Ostensibly, it would appear to solve the problem addressed by your inquiry. We feel, to the contrary, it will worsen urban problems due to the policy's inflationary impact.

Requiring business to locate in otherwise uneconomic areas will on the margin lead not to the desired location in the state but rather to no investment or investment in other states.

If the objective is more job-creating investments in a location, then incentives must be developed or disincentives removed. The objective will not be served by placing disincentives in selected areas to create growth in a desired area. This will be more likely to lead to no growth.

Avon Products, Inc., [illegible] West Fifty [illegible] Street, New York, N.Y. 10019

December 14, 1977

The Honorable Henry S. Reuss, Chairman
Committee on Banking, Finance & Urban Affairs
Subcommittee on the City
U. S. House of Representatives
Washington, D.C. 20515

Dear Chairman Reuss:

Mr. Mitchell has asked me to respond to your survey and provide any information that will help this committee determine a national policy to aid central cities in the relief of their unemployed. We agree that the plight of our central cities and their unemployed is a pressing problem. Your request is therefore a timely and important one.

In response to your request, the following information is provided:

1. Our corporate office in New York City employs approximately 1,875 full time persons and our three sales centers in lower Manhattan, mid-Manhattan and Harlem employ an additional 20 persons out of our full time U. S. workforce of approximately 11,300. Of this total there are 2,400 District Managers located throughout the country and, although it would be impossible to determine the exact number, we estimate at least one quarter of them are in central cities.

   Avon also makes a significant economic impact on inner-city areas throughout the country because of our unique system of selling through independent Avon Representatives. Through the use of this system, several hundred thousand Avon Representatives and their families benefit from their association with our Company. Most of our Representatives are women who work part time a few hours a week, and in most cases, this is the only type of part time work that can easily fit into their schedule. The Avon Representatives fit their activities in with their normal household work -- caring for children, and accomplishing other family responsibilities.

2. *With the continued increase in our sales we would expect to continue to provide additional opportunities to Managers and Representatives. There is a possibility of expansion of the Sales Centers referred to, and some possible additions to our corporate office staff. In addition, as our business grows, there will be a substantial increase in business to our suppliers and other services, through our improved results.*

   This statement is supported by the fact that we have a very strong Corporate Responsibility program whereby we use minority vendors, who are primarily located in central cities. Enclosed is a copy of our Corporate Responsibility booklet which goes into greater detail on our endeavors in this area.

3. *Our recruiting and job-training programs are not aimed at any specific group. However, we use minority employment agencies and the government-sponsored Opportunities Industrialization Center in our recruiting activities. We also have a commitment under our Corporate Responsibility Program to purchase $6,000,000 of supplies and services from minority vendors in 1977.*

   Although training programs are open to all Avon employees, they have benefited a large segment of our minority and formerly unemployed work force.

4. *The greatest obstacle to corporate operations in central cities are the heavy tax burdens imposed by state and local governments. The financial plight of our cities is well known to you. Property tax relief would be a major attraction as would some form of federal tax credit or other tax incentive to locate operations in central cities. Several months ago our President, William R. Chaney, appointed an Avon Task Force to address this very issue. Their recommendations are in the process of final development and we will be happy to share them with you when they are complete.*

We concur that an increase in operations in high unemployment areas by major corporations will help to restore confidence in the revival of these cities. We hope the results of this committee's survey and the effects of our task force will help accomplish these goals.

Sincerely yours,

Donald S. Moss

(A portion of the referred to Corporate Responsibility booklet is reprinted and follows. The remainder is retained in the files of the Subcommittee.)

Avon corporate responsibility: Today's Challenges

Today's Challenges

Equal Employment Opportunities

Avon has always been aware of women's need to independently enhance their own lives and their families'.

Today, when all goals are more varied, Avon is uniquely suited to help women and minorities realize the life-style they prefer... to grow and develop... and to achieve their objectives in terms of their home, their community and the world of business.

Minority Business

Clearly, the need of minorities to enter the mainstream of American business has long been neglected and is a major challenge. With our extensive purchasing capabilities and our continuing need for a wide variety of sources, we are in a natural position to seek out, and encourage the development of, the minority-owned business.

Consumer Commitment

Avon actually anticipated consumerism. Since our beginning 91 years ago, we have had an unconditional guarantee of customer satisfaction. Moreover, we initiated such practices as ingredient labeling even before they became mandatory. All this has been typical of our dedication to assuring consumer confidence. The result has been consistently safe, effective, high quality products... and satisfied customers.

Community Support

Avon has a tradition of caring about people—employee welfare has always been a cornerstone concern. Also, with the person-to-person basis for our sales, Avon has always been responsive to the local community. To reach out more fully through volunteerism and corporate effort is a fitting extension.

Responsive Philanthropy

Since 1955, the Avon Foundation has been an important means for bringing financial resources to bear on social problems. An excellent vehicle for making social commitments, the Foundation has the flexibility required to meet changing priorities as we review our programs in light of new social needs.

Innovations on all fronts have been leading to an improved position for minorities in our country's economic life. For example, minorities have been receiving systematic aid and encouragement through the Office of Minority Business Enterprise. However, the "minority business"—a business enterprise owned or controlled by one or more socially or economically disadvantaged persons—still accounts for only approximately 10% of the gross national product. And minorities still own only about 4% of the nation's businesses. More assistance still is needed.

The Challenge

To draw minority-owned companies into the mainstream of American business

The Avon Action

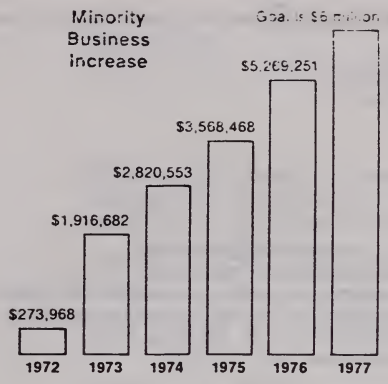
It's one thing to open the door to the minority-owned business, still another to help that business meet and grow with your own needs. Avon is doing both.

At the heart of our efforts is Avon's Minority Purchasing Program, started in 1972 and coordinated by a purchasing manager. With the help of the National Development Council and other non-profit organizations in minority communities, the Avon program has made significant progress.

Beginning with a nucleus of 30 companies, Avon now purchases needed goods and services from over 300 minority-owned firms. In 1976, Avon spent $5.2 million with minority-owned firms, surpassing our goal of $4.3 million, and compared with $172,000 in 1972. And this growth is continuing each year. Each of the seven Avon Branch locations and many of the Home Office departments set annual minority vendor dollar goals, which are reviewed and increased as our total expenditures increase and as new avenues for helping minority businesses are developed. Our progress toward these goals is measured systematically month by month, year by year, and is reviewed by top management.

Equally important, the Minority Purchasing Program is based on the criteria used for all suppliers. In many instances, a successful business negotiation depends on solving special problems any small company might have in filling the needs of a large firm like Avon. Assistance begins with the bid, especially in advising those suppliers whose bids are not competitive. And there are other ways Avon cooperates in helping the minority supplier meet desirable standards:

- ...suggesting sources for raw materials needed to fulfill contracts
- ...advising and expediting in matters of financing and capitalization



. . . providing the technical and management assistance that can have a positive effect on raising productivity and lowering operating costs.

As a result of this qualitative approach, minority suppliers now provide Avon with such goods as product ingredients, plastic parts for packaging, cleaning supplies. . . and with services ranging from maintenance, travel and transportation to advertising and sales promotion. Avon uses minority photographers, models, graphic art sources and production resources, as well as minority-owned media throughout the country. Avon black consumer advertising is handled by Uniworld, Inc., a black-owned advertising agency.

Avon has also taken advantage of opportunities to contribute to minority economic development through the financial sector. $35 million of Avon's life insurance coverage is reinsured through three minority insurance companies. Between $25 million and $30 million in Social Security and Federal withholding tax payments are made through 32 minority banks nationwide. Avon also maintains time deposits totaling $1 million with these banks. In addition, a black-owned insurance brokerage firm is placing and administering group insurance for Avon's mail-order subsidiary, Family Fashions. And banks handling the corporate pension trust are encouraged to use the services of minority investment brokers.

But accomplishment with minority vendors is more than facts and figures. Lives are affected. Human beings are involved. What people tell us says a lot: "Avon has been a lifesaver," says one vendor. "If it hadn't been for Avon, our company would have had to go out of business." "To work with Avon is an honor," says another. Still another talks of how, with Avon's support, his company has been "working toward getting more business by building confidence in our ability to supply." Another praises the ability of Avon people to communicate and cooperate, and how much this helps to achieve the desired results.

A further rewarding result of the Avon minority economic development efforts has been the impact on other corporations. Our intention at the outset was not only to formulate and build a program of our own, but also to influence other companies, including our suppliers. And so a letter went out from Avon's president to top executives. In essence it said, "We tried this and it worked for us. Why don't you try it?" The gratifying outcome: we've been able to stimulate other programs similar to Avon's.

BAUSCH & LOMB EXECUTIVE OFFICES · ONE LINCOLN FIRST SQUARE · ROCHESTER, NEW YORK 14601

DANIEL G. SCHUMAN
CHAIRMAN OF THE BOARD
(716) 338-6003

November 29, 1977

U.S. House of Representatives
Subcommittee on the City
Committee on Banking, Finance and Urban
Affairs of the Ninety-Fifth Congress
604 House Office Building Annex 1
Washington, D.C. 20515

Gentlemen:

The following information is supplied in response to your request of October 27, 1977.

1. Bausch & Lomb has two production facilities located in the central areas of the City of Rochester, New York, employing approximately 4,000 out of a total domestic work force of 8,500.

2. There are no present plans to expand or contract these operations in the next five years.

3. While we do not have any recruitment or job-training activities specifically aimed at the unemployed in central cities, we do rely quite heavily on the services of the New York State Employment Service Office, located in the central part of the City, and on walk-in traffic, to fill our unskilled and semi-skilled job needs. There is good access to our operations for central city residents.

4. We can think of no existing federal, state, or local policies which have discouraged us from maintaining our operations in central cities. On the contrary, the New York State Urban Development Corporation was instrumental in enabling us to relocate our principal Rochester facility from its previous central city location of 75-100 year old buildings to our present facility also in the central city area.

   Location of Bausch & Lomb facilities over the years has been determined by business needs. One of these needs is available manpower to meet all of our job openings. During the last two decades Rochester's labor market has not been able to supply us with enough skilled and semi-skilled optical workers and machinists. This problem has contributed to the Company's moving some of its operations to where trained employees were available. Any governmental policy that would really accomplish the task of preparing the inner city work force for semi-skilled jobs in industry would certainly encourage us to maintain operations in those areas.

Very truly yours,

D. G. Schuman

The Bendix Corporation
Executive Offices
Bendix Center
Southfield, Michigan 48076

William M Agee
Chairman and President

The Honorable Henry S. Reuss
Subcommittee on the City
Committee on Banking, Finance and
Urban Affairs
U. S. House of Representatives
2129 Rayburn House Office Building
Washington, D.C. 20515

December 14, 1977

Dear Representative Reuss:

We appreciate the opportunity to respond to your questionnaire on the plight of the cities and appreciate that Bendix has been asked for its views. Our corporation recognizes, along with your committee, that the problems of the central cities need immediate attention and that the solutions involve comprehensive transportation, employment, housing and other major programs.

As general policy, we would recommend federal policies which would tend to eliminate or reduce the differences in production costs between the central cities and their surroundings. For example, the committee might consider standardization of welfare policies as well as assuring equality among school systems. The social, political and economic impact on the central cities of such programs--particularly in view of the plight on urban areas in recent years--has been well documented. All other things being equal, policies which would "neutralize" economic, social and political distinctions might go a long way in assisting in urban renaissance.

I would like to note the general imprecision of terms such as "urban areas, central cities." Without specific demographic guidelines, these terms take on different meanings to different individuals; the answers to your questionnaire can vary greatly, depending on the meaning assigned to these terms.

As you know, Bendix has facilities throughout the country; some are located in or near major population centers, others in metropolitan areas, some in smaller communities which might--depending on the demographics used--be considered central cities.

For the purpose of responding to the questionnaire, we have identified five divisions totalling about 1,060 employees. These divisions are: Industrial Tools, Chicago (200 employees); International Marketing Operations, New York, (218 employees); American Forest Products Corporation, San Francisco (200 employees); Modern Materials Corporation, Detroit (230 employees); and Industrial Controls, Detroit (220 employees). In addition, about 15 Bendix facilities are located in metropolitan areas surrounding central cities. Bendix has a total domestic work force of approximately 50,000.

All Bendix facilities maintain affirmative action programs, to recruit minority persons and females. Bendix facilities also maintain community-oriented programs which are designed to inform minorities and women about opportunities in The Bendix Corporation.

Our employment programs, while not specifically aimed at the unemployed in central cities, are designed to tap this resource in conjunction with our overall recruiting efforts.

Again, may I express my appreciation to you and your committee for giving Bendix the opportunity to express its opinion on this important matter and we'd be pleased to work with your staff to provide any information you may need.

Sincerely,

William McGee

Bethlehem Steel Corporation

BETHLEHEM, PA 18016

RICHARD F. SCHUBERT
VICE PRESIDENT, PUBLIC AFFAIRS

December 1, 1977

The Honorable Henry S. Reuss
Chairman
Subcommittee on the City,
Committee on Banking,
Finance and Urban Affairs
604 House Office Building Annex 1
Washington, DC 20515

Dear Chairman Reuss:

Mr. Foy has asked me to acknowledge the recent letter from you and the other members of the Subcommittee on the City sent to him concerning Bethlehem Steel's participation in our nation's central cities.

Enclosed are answers to the four questions you requested us to complete. We believe they give an appreciation of how heavy industry such as steel and shipbuilding can participate in the revitalization of central city economies. Hopefully, your subcommittee and government at all levels will take the necessary steps to encourage such participation.

With kindest regards.

Sincerely,

R. F. Schubert

Bethlehem Steel Corporation

BETHLEHEM, PA. 18016

Answers to questions posed by the Subcommittee on the City,
Committee on Banking, Finance and Urban Affairs,
U. S. House of Representatives

1. Question: Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?

Answer: Bethlehem Steel Corporation is the second-largest producer of steel in the nation. We supply about 15 percent of the country's raw steel and produce a wide variety of finished steel products.

Bethlehem is also prominent in areas other than steelmaking -- in raw materials and mining, in shipbuilding and repair, in plastics and other diversified interests. Our facilities are nationwide in scope and, in some cases, worldwide -- ranging from raw materials properties on three continents to a shipyard in Singapore.

Bethlehem currently employs approximately 90,000 people. The following is a review of our major operations located within or near major cities.

Major City	Bethlehem Operation(s) In Area	Is It Within City Limits?	Miles From Major City	Approximate Current Employment
Baltimore, MD	Sparrows Point Steel Plant	No	14 Miles	17,500
	Sparrows Point Shipyard	No	14 Miles	2,900
	Baltimore Shipyard	Yes	-	1,800
Beaumont, TX	Beaumont Shipyard	No	1 Mile	1,700
Bethlehem, PA	Bethlehem Steel Plant	Yes	-	10,800
	Main Office	Yes	-	5,000
Boston, MA	Boston Shipyard	Yes	-	400
Buffalo, NY	Lackawanna Steel Plant	No	10 Miles (Within Limits of Lackawanna, NY)	9,100
Gary, IN	Burns Harbor Steel Plant	No	17 Miles	8,000
Harrisburg, PA	Steelton Steel Plant	No	4 Miles	3,400

Major City	Bethlehem Operation(s) In Area	Is It Within City Limits?	Miles From Major City	Approximate Current Employment
Hoboken, NJ	Hoboken Shipyard	Yes	-	800
Johnstown, PA	Johnstown Steel Plant	Yes	-	9,000
Lebanon, PA	Lebanon Steel Plant	Yes	-	1,550
Los Angeles, CA	Los Angeles Steel Plant	No	12 Miles (Within Limits of Vernon, CA)	1,400
	San Pedro Shipyard	Yes	-	600
San Francisco, CA	San Francisco Shipyard	Yes	-	1,000
Seattle, WA	Seattle Steel Plant	Yes	-	1,000
Williamsport, PA	Williamsport Steel Plant	Yes	-	850

Our Buffalo Tank Division, which fabricates welded-steel plate products employs approximately 600 people in the following cities: Baltimore, MD; Buffalo, NY; Charlotte, NC; Detroit, MI; Dunellen, NJ; Hallandale, FL; Jacksonville, FL; Raleigh, NC; and Worcester, MA.

We also have Sales offices, small manufacturing units, and warehouses employing approximately 2,400 people in 50 cities.

2. Question: What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?

Answer: Steel Operations -- We have no significant plans for expansion of the listed steelmaking facilities over the next five years.

Shipbuilding -- Unless federal legislation is forthcoming to support a strong American Merchant Marine, there will be very little need to expand any shipbuilding or ship repair facilities in this country.

Additional factors make it unattractive for us to expand our facilities in Hoboken, NJ and Baltimore, MD. We feel the taxes are unreasonably high in Hoboken. Expansion at our Baltimore Yard is questionable because the channel into the Port of Baltimore is not being dredged and maintained to a sufficient depth to permit larger ships to travel up the Chesapeake Bay.

3. Question: What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?

   Answer: Bethlehem Steel has participated in on-the-job training activities in support of the unemployed, underemployed and the disadvantaged from the inception of the Jobs Opportunities in the Business Sector Program (JOBS) through the current programs sponsored in part by the Comprehensive Employment and Training Act (CETA). Most of these programs were inactive during the calendar year 1976-1977 due to the serious economic downturn. However, during the period 1974-1975, approximately 250 persons were trained primarily in the Baltimore and Boston areas. These programs are a vital part of our training effort and general indications are that they will continue contingent upon an improved business climate.

4. Question: Which existing federal, state or local policies, if any, discourage you from maintaining or locating operations in central cities? What new governmental policies would encourage you to maintain or locate operations in these areas?

   Answer: Many of the unemployed are people who are short on education, short on training, and short on job experience. To a large extent, they're the kind of people who traditionally seek work in a heavy industry such as steel and shipbuilding.

   Many factors -- particularly the lack of open space -- discourage construction of new, large manufacturing plants in central cities. It is important for government to provide the leadership in creating a business climate that encourages expansion and modernization of existing facilities -- not only in central cities but also in contiguous areas accessible to city job seekers.

   At present, Bethlehem does not have the support from the Federal government and many state and local governments that is necessary to become an active participant in the revitalization of our nation's cities. In fact, government has severely impaired the economic health and profitability of our corporation and many other steel corporations.

   We are not asking for government to relinquish its responsibilities; all we want is a fair shake. We want the Federal government to enforce our trade laws, so that foreign steel will not be sold here at less than full delivered cost including profit. We want more concern by government at all levels to decrease the cost-benefit ratio for environmental controls. We want some realistic tax regulations and modernized depreciation rules that are keyed to an inflation rate of 5 to 6 percent or more a year. And, if there's anything the steel industry doesn't need more of, it's government regulation.

One area where we have further comment is the matter of environmental regulation. The American steel industry's environmental protection expenditures totalled $940 million for 1975 and 1976. Those outlays are currently accounting for about 30 percent of our capital spending and the American Iron and Steel Institute projects that this 30 percent rate will continue for the foreseeable future. In addition to this expense, annual operating and maintenance costs are currently running between 15 and 18 percent of installed equipment costs, and will continue to increase as energy becomes more costly.

The Federal Government's Council on Wage and Price Stability recognizes this very serious problem. A recent report issued by the Council concludes that, "the manner in which environmental standards are set and enforced provides a strong disincentive against modernization. At a time when modernization is difficult and yet is viewed as an important element in keeping the (steel) industry competitive, such disincentives are particularly unfortunate."

Upgrading facilities in cities not meeting National Ambient Air Quality Standards is particularly costly. The Clean Air Act dictates that the air emissions from modern new replacement facilities or facilities for expansion must be offset by equivalent emission reductions from existing operations. Often further emission reductions are not available at reasonable cost or, in the case of new facilities at new locations, there are no existing facilities available to generate such an "offset."

The steel industry must have some relief in order to generate the funds needed to modernize. Appropriate corrective actions include the ability to write off immediately the costs of pollution control facilities for both state and Federal income tax purposes as well as the adoption of an environmental regulatory policy which promotes a realistic balance between the economic and environmental needs of our country. Government must also face the fact that industry is not the only source of air pollution and realistically face inner-city air pollution from street dust, small heating systems and automobiles.

The issues we have outlined are of primary concern to us and they can only be resolved by governmental action. The future of Bethlehem and many other steel companies is tied to the manner in which the government handles these matters, and because of the size and scope of the industry, so is the future of many of the nation's cities.

23-313 O - 78 - 4

THE BOEING COMPANY
SEATTLE, WASHINGTON 98124

November 22, 1977

STANLEY M. LITTLE, JR.
VICE PRESIDENT
INDUSTRIAL AND PUBLIC RELATIONS

Honorable Henry S. Reuss
Chairman, Subcommittee on the City,
Committee on Banking, Finance,
and Urban Affairs
604 House Office Building, Annex 1
Washington, D.C. 20515

Dear Congressman Reuss:

I am writing, on behalf of The Boeing Company, in response to your letter of October 27 to Mr. T. A. Wilson, inquiring about several aspects of the relationship between Boeing and the central cities in the areas of our major operations.

Of our total workforce of 63,400, approximately 10,000 employees are engaged in operations physically located within the City of Seattle. At none of our other manufacturing locations do we have facilities within the limits of central cities, although we do have a number of small marketing and customer service offices in central city locations. There is, however, another statistic which I believe is related to your first question. That is that for our total Greater Seattle-area workforce of 52,500 we maintain just one central employment office, which is physically situated within the City of Seattle and thus readily accessible to its people.

Regarding the question of planned expansion or contraction of our operations, the outlook for 1978 indicates a modest increase in employment but no need for significant facilities expansion. Beyond 1978, any expansion would be determined by customer (including government) orders and business conditions which we cannot at this time predict with confidence. Your letter also asks about the factors that would influence our planning for expansion or contraction. There are two major ones; the first being that the majority of our facility locations have been determined by airfield availability and sufficient area or operating space to allow a scale of operations which is necessary for our business although perhaps unusual for the majority of businesses. A second factor is that, in the cases of some of our operations, noise and semi-hazardous activities dictate locations away from congested areas. Examples of the latter influence would include our engine test sites at Tulalip, Washington, and Boardman, Oregon, and our flight test activities at Moses Lake, Washington.

Turning to ways in which we address the training and job needs of the unemployed in central cities, Boeing by policy and conscientious practice participates in a broad spectrum of activities. In some cases, we work directly with central city agencies in the sponsorship of training programs for persons who become Boeing employees on completion of the training. A current example is a Seattle Opportunities Industrialization Center program providing central city unemployed with welding skills for which our Company has need. Just recently, we have collaborated with the King-Snohomish Manpower Consortium in a proposal for major funding of a STIP (Skill Training Improvement Program) directed toward the employment and training needs of low income, unemployed persons in the Greater Seattle area. Another way in which we continually seek to draw on the workforce resources of our central cities is through maintaining recruiting liaison with sources of employment referrals within those cities. Examples include Opportunities Industrialization Centers, local Urban League offices, and community colleges and vocational/technical schools located within the urban centers. One good indicator of our degree of success in all of these efforts is that thus far this year minority hiring for our Greater Seattle-area operations has been at the 14 percent level. That number compares with an eight percent minority population in the Seattle Metropolitan Statistical Area.

For reasons which I trust have by now been made clear, the nature and scope of our operations are prime determinants in the location of production facilities. Thus we have no background or expertise to offer on your question as to the influence of governmental policies, both positive and negative, upon such decisions.

We hope that you will find this letter responsive and useful, and that you will call upon me if we can provide further information that would be useful in the work of the Subcommittee on the City.

Sincerely,

Stanley M. Little, Jr.
Vice President -
Industrial and Public Relations

Borg-Warner Corporation

200 South Michigan Avenue
Chicago, Illinois 60604
Telephone 312/663-2060

James F. Beré
Chairman and
Chief Executive Officer

November 21, 1977

The Honorable Henry S. Reuss
Chairman
Subcommittee on the City Committee
on Banking, Finance and Urban Affairs
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Congressman Reuss:

In response to the Subcommittee's questions concerning efforts to improve central city unemployment through the location of new corporate facilities we offer the following:

1. We currently employ approximately 4,250 people in six operations which are located in central cities.

2. We have no plans to expand or contract these operations in the near future. The principal factor contributing to this decision is our desire to keep our plans small enough to optimize management potential and personnel practices.

3. We sponsor individual job training activities under the JOBS Program. Additionally, we support the National Alliance of Businessmen training programs in Chicago.

4. Certain state and city policies inhibit location of new operations in central areas. In Illinois, for example, we have been concerned with the extremely high cost of Workmen's Compensation. Additional state sales tax regulations place a five percent burden on capital goods brought in to equip any new operation which many other states do not impose.

   We feel that large cities should also aggressively market their location through such incentive measures as a bonding authority, property tax deferral programs and realistic and necessary grants of safety for employees and property. Perhaps federal assistance in developing such programs might be helpful.

Sincerely,

James F. Bere'

BRISTOL-MYERS COMPANY
345 PARK AVENUE
NEW YORK, NEW YORK 10022

January 23, 1978

The Honorable Henry S. Reuss
Chairman
Subcommittee on the City
Committee on Banking, Finance and Urban Affairs
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Sir:

This is in answer to your letter of October 27, addressed to Richard Gelb, in which you requested certain information covering our operations in central cities.

1. Major operations located within the city limits of metropolitan areas of over 50,000 population, and the number of individuals employed, are:

Name	Location	Approx. No. of Employees
The Drackett Co.	Cincinnati, Ohio	500
Pelton & Crane Co.	Charlotte, N.C.	450
Mead Johnson & Co.	Evansville, Ind.	2100
Westwood Pharm., Inc.	Buffalo, N. Y.	850
Clairol	Stamford, Conn.	1500
Bristol Laboratories	Syracuse, N.Y.	1600
Bristol-Myers Co.	New York, N. Y.	1300

(Corporate Headquarters and Headquarters for 3 Divisions)

2. We have no plans for any major changes in the size of these operations over the next five years. In the mid 1960's, when growth required us to examine the question of relocating our New York City Corporate Headquarters and Clairol's Stamford, Connecticut manufacturing facility, the decision was made in each case to move to larger quarters in New York and Stamford. The major reason in each case for not moving to the suburbs was our desire to retain trained, loyal employees.

3. Our locations list employment opportunities with Federal and State Employment Offices, participate in programs such as HIRE, cooperate with the National Urban League in its Skills Bank Program and we were involved in the training of ex-offenders here in New York City.

4. We have no specific recommendation as to governmental policies which should be either changed or implemented to encourage us to maintain or locate operations in the central cities. However, we join in the concern expressed by many over the failure of inner-city school systems to meet the challenge of producing graduates who are equipped to compete effectively in today's job market.

Sincerely,

Thomas S. White, Jr.
Vice President

BRUNSWICK CORPORATION · ONE BRUNSWICK PLAZA · SKOKIE, ILLINOIS 60076, U.S.A. · 312/982-6000

J. F. MEYERHOFF
VICE PRESIDENT
CORPORATE AFFAIRS

December 1, 1977

The Hon. Henry S. Reuss
Subcommittee on The City
Committee on Banking, Finance and Urban Affairs
U. S. House of Representatives
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Congressman Reuss:

Thank you for your letter outlining the task of your committee and plans as they relate to the central cities. Mr. Abernathy has asked that I respond to you directly.

I have made the assumption that the term "central city" refers to a core-city situation with a population of 250,000 or more. Based on this criterion, approximately 15% of our total domestic workforce is employed in such central cities. An additional significant percentage of employment in sales, service, distribution, research facilities and factories are situated adjacent to these cities, in the overall metropolitan areas.

Brunswick's total domestic employment is situated in facilities of all types in 36 states, Puerto Rico and the District of Columbia. These facilities range from very small offices to full manufacturing plants.

Concurrent with the national recession in 1974, we experienced a significant employment decline in most of our businesses. It was not until the second quarter of this year that we were able to restore employment to the pre-recession level. This restoration of employment was accomplished through a number of means, including recall of laid off employees and through modest programs such as "CETA", "INROADS" and the "Sheltered Workshops." These were no massive program efforts, such as our Job Corps Center operations or our Manpower Act programs of previous years; the volume did not require them.

Any future increase in employment in any of our facilities will be a function of their market growth and their viability within that market. Market growth, of course, will depend on the health of the national economy. The viability of our operations within that economy

will depend to a large extent on our ability to invest in improvement of products and modernization of facilities to maintain their competitive ability.

In this regard, we have grave concerns over a number of increasingly major impacts that government - at all levels - is having on these abilities to improve products and facilities. I think at least three of these impacts should be considered, as the Committee seeks to stimulate job creation in the private sector.

1. The cost of government. Financial support of the mushrooming size and cost of government has bled-off business capital which could and should have been used to develop new products, to modernize processes, and to update factories for greater efficiency. This is the route to protection and/or creation of private sector jobs.

2. The cost of government regulation. Certainly a proper role of government is regulation. However, burgeoning government has meant burgeoning and costly regulation.

   Existing federal, state and local regulations have become a blur to business, with duplication or, in some cases, conflicting requirements. The businessman today find himself faced with multiple masters, having multiple standards, stemming from multiple policies. The Federal Register shows a tripling of federal regulations alone, from 1970 through 1975.

   The cost of a product is increased by the added burden of government cost, whether it be a regulatory, legislative, or a tax cost. This cost must either come from business' bottom line, or if this is not possible, it must be passed along to the consumer. If he will pay it. The alternative is failure of the product, perhaps the business, and the loss of jobs.

3. The growing weight of "statutory benefits." Continual extension and escalation of so-called "statutory benefits" (Social Security, Unemployment and Workmens Compensation and, perhaps, compulsory health care) have materially eroded the resources and therefore, the ability of business to modernize and improve its competitive ability. This has taken its toll in the creation of new jobs and the protection of current ones.

What types of policies would encourage business to locate or remain in metropolitan areas? Certainly those which encourage - require - fiscal solvency. Those which capitalize on the strengths such areas have had historically: public transportation, education, good services, reliable established energy delivery systems. Last winter, for example, our Ohio plants were curtailed by the natural gas shortage, resulting in layoffs of employees and a competitive disadvantage for the plant providing those jobs. The work lost can never be regained.

But perhaps more important, I think, is the need for government at all levels and business to begin to recognize a common objective: the economic health and well being of the nation. We seem to have lost this commonality of interest, and have developed an adversary relationship over the years. This is in sharp contrast to the common objectives of our foreign competitors and their governments.

I hope these observations have been helpful to the Committee as it considers this most complex problem.

Sincerely,

J. F. Meyerhoff

J. F. Meyerhoff
Vice President
Corporate Affairs

Burroughs Corporation

BURROUGHS PLACE • DETROIT, MICHIGAN 48232

CORPORATE COMMUNICATIONS DIVISION

December 20, 1977

Honorable Henry S. Reuss, Chairman
U. S. House of Representatives
Subcommittee on the City Committee
on Banking, Finance and Urban Affairs
604 House Office Building, Annex 1
Washington, D. C. 20515

Dear Mr. Reuss:

In reply to the Subcommittee's letter of October 27, we are pleased to furnish information concerning Burroughs Corporation operations in central cities. In the absence of specific guidance, we have elected to provide data about our operations in the top 40 metropolitan areas as listed in the Statistical Abstract of the U. S. for 1976.

I. Operations and employment in central U. S. cities:

Burroughs employs 11,808 people in its marketing, engineering and manufacturing, and headquarters operations in the 40 largest metropolitan areas. This constitutes 38% of our U. S. work force and 23% of our total work force worldwide.

New York, New York - adjacent New Jersey metro area
Marketing offices employing 665 people

Chicago, Illinois
Marketing offices employing 608 people

Los Angeles - Long Beach, California
Marketing offices employing 391 people
Engineering and manufacturing facility employing 263 people

Philadelphia, Pennsylvania - adjacent New Jersey metro area
Marketing offices employing 420 people

Detroit, Michigan
Marketing offices employing 435 people
Engineering and manufacturing facility employing 870 people
World Headquarters and group headquarters operations employing 2,120 people

Boston - Lowell - Brockton - Lawrence - Haverhill, Massachusetts
Marketing offices employing 373 people

San Francisco - Oakland, California
Marketing offices employing 354 people

Washington, D. C. - adjacent Maryland and Virginia metro area
Marketing offices employing 367 people

Nassau - Suffolk, New York
Marketing offices employing 153 people

Dallas - Fort Worth, Texas
Marketing offices employing 341 people
Engineering and manufacturing facility employing 42 people

St. Louis, Missouri - adjacent Illinois metro area
Marketing offices employing 251 people

Pittsburgh, Pennsylvania
Marketing offices employing 150 people

Houston, Texas
Marketing offices employing 138 people

Baltimore, Maryland
Marketing offices employing 103 people

Newark, New Jersey
Marketing offices employing 299 people

Minneapolis - St. Paul, Minnesota - adjacent Wisconsin metro area
Marketing offices employing 330 people

Cleveland, Ohio
Marketing offices employing 173 people

Atlanta, Georgia
Marketing offices employing 267 people

Anaheim - Santa Ana - Garden Grove, California
Marketing offices employing 63 people

San Diego, California
Marketing offices employing 89 people

Miami, Florida
Marketing offices employing 97 people

Milwaukee, Wisconsin
Marketing offices employing 128 people

Seattle-Everett, Washington
Marketing offices employing 122 people

Denver - Boulder, Colorado
Marketing offices employing 79 people
Engineering and manufacturing facility employing 45 people

Cincinnati, Ohio - adjacent Kentucky, Indiana metro area
Marketing offices employing 68 people
Engineering and manufacturing facility employing 64 people

Tampa - St. Petersburg, Florida
Marketing offices employing 141 people

Buffalo, New York
Marketing offices employing 77 people

Kansas City, Missouri - adjacent Kansas metro area
Marketing offices employing 115 people

Riverside - San Bernadino - Ontario, California
Marketing offices employing 58 people

San Jose, California
Marketing offices employing 68 people

Phoenix, Arizona
Marketing offices employing 81 people

Indianapolis, Indiana
Marketing offices employing 175 people

New Orleans, Louisiana
Marketing offices employing 60 people

Portland, Oregon - Washington
Marketing offices employing 67 people

Columbus, Ohio
Marketing offices employing 100 people

Hartford - New Britain - Bristol, Connecticut
Marketing offices employing 111 people

San Antonio, Texas
Marketing offices employing 110 people

Rochester, New York
Marketing offices employing 76 people
Three engineering and manufacturing facilities employing 559 people

Louisville, Kentucky - adjacent Indiana metro area
Marketing offices employing 65 people

Sacramento, California
Marketing offices employing 77 people

II. Future plans:

The Company plans to open sales and customer support offices as business expands in these areas. For the most part, sales are the determining factor in the location of our operations. As stated in part IV, zoning and tax structure are also factors that affect our plans to expand or contract operations within a city marketing area.

III. Burroughs participates in various programs to assist in alleviating unemployment in four metropolitan areas. These areas are Detroit, Philadelphia, Northern New Jersey, and Anaheim/Orange County.

Mr. Robert Berry, manager, non-exempt personnel at our Mission Viejo plant in Orange County, is a member of the CETA Advisory Board in that area. He has been a contributory member of the Board that is just now getting the CETA program off the ground. Burroughs will be working to make the program as successful as possible.

Mr. Ed Wendt, director of employment for the Corporation, is a member of the GOIC advisory board in Detroit. He also serves on the board of advisors for Project Start which is a community-based alternative to prison for nonviolent property offenders and involves comprehensive training and placement in entry-level jobs.

The Company is also working with the Detroit Board of Education to develop a high school cooperative program which will train high school juniors and seniors to become computer field service engineers. Burroughs may subsidize this program on a pilot basis.

Mr. Owen Snyder, manager, employment, Federal and Special Systems Group, Philadelphia area, is a member of the Board of Advisors (GOIC) at Norristown. He is also active in the area's Merit Employers Council. Both of these organizations are involved in employment efforts that relate to the area's hard-core unemployed.

Burroughs participates in EEO seminars and conducts these seminars in the Philadelphia area. We also participate in career week programs at high schools. The computer industry, however, is a high-technology industry and less than 28% of our 1976 hires involved applicants with only high school level qualifications. 18% of our hires in 1976 had additional technical training, and 54% were hired for positions requiring a college degree.

IV. As you will note from the information in part I, the major part of Burroughs operations in these metropolitan areas are marketing and headquarters oriented, rather than manufacturing. Our engineering and manufacturing operations tend not to be located in these areas because land parcels of adequate size are seldom available. Equally important, when land is available, zoning calls for commercial operations, not for manufacturing. Additionally, tax structures for the areas mentioned are often not workable.

Availability of land zoned for manufacturing, and tax structures that will attract new businesses in these cities should be encouraged at the local level.

I hope that this information will be helpful to the Subcommittee.

Sincerely,

Dan P. Lutzeier, Director
Corporate Communications

Campbell SOUP Company

CAMDEN, NEW JERSEY 08101

RAYMOND S. PAGE, JR.
VICE PRESIDENT – GOVERNMENT RELATIONS

November 28, 1977

The Honorable Henry S. Reuss, Chairman
Subcommittee on the City
Committee on Banking, Finance, and Urban Affairs
604 House Office Building, Annex 1
Washington, DC 20515

Dear Congressman Reuss:

Your letter to Mr. John T. Dorrance, Jr. concerning central cities and their unemployed has been handed to me. In response to your questions, we provide the following information:

1) Our central city manufacturing facilities are presently located in Modesto and Sacramento, California; Chicago, Illinois; Omaha, Nebraska, and Camden, New Jersey. Also, our General Office is located in Camden. There are 8650 persons employed at these locations, out of a total U.S. complement of 28,005.

2) We have no present plans to discontinue or to contract any of these operations. We have made many commitments which support the central cities. Improvements are now being made at the Company's Camden, New Jersey, plant, where a major new warehousing facility is substantially completed and modernization of packaging, palletizing and other distribution-related operations are scheduled for completion in 1978. The consumer acceptance of our products based on their value, comprising many components including quality and price, make overall costs, of necessity, a critical factor influencing the location of processing facilities.

3) Where the programs are available, Campbell supports the National Alliance for Business project in the hiring of the disadvantaged and veterans. Campbell supports the Opportunities Industrialization Centers (OIC) in Camden, Philadelphia, and Omaha, Nebraska. As an equal opportunity employer, we work with the National Urban League and advertise for employees in minority newspapers.

We have extensive in-plant basic education programs for employees, so as to improve the effectiveness of and retention rate for our personnel. In addition, Campbell awards college scholarships to deserving high school students selected from among children of company employees. Each scholarship is valued up to $1500 per school year up to a maximum of $6,000 for a full four year program.

In Camden, we have supported work study projects for young people performing public service jobs in the city.

4) Many of the existing federal, state, and local policies tend to discourage locating manufacturing operations in central areas or cities. These policies which generally favor rural areas include zoning, noise limitations, environmental restrictions as to air and water and property taxes. Campbell's efforts in environmental engineering have been successful to the extent that the Company has received national recognition for success in this area. However, in our opinion, rural locations generally make it easier to minimize any adverse effects a facility may have on the local environment and to meet or surpass any government environmental requirements, all at considerably less cost than would be the case in the city.

Very truly yours,

R. S. Page Jr.

23-313 O - 78 - 5

CATERPILLAR TRACTOR CO.

Peoria, Illinois 61629

November 30, 1977

Hon. Henry S. Reuss
U.S. House of Representatives
604 House Office Building
Washington, D.C. 20515

Dear Congressman Reuss:

We have your October 27 letter asking for information about Caterpillar facilities in relation to central cities in the United States. It is a pleasure to provide the following information in response to your questions.

Caterpillar Tractor Co.

Caterpillar is a multinational corporation, headquartered in Peoria, Illinois. The company manufactures and markets earthmoving, construction, and materials handling equipment ... as well as diesel and natural gas engines.

Caterpillar maintains 30 offices and facilities in 19 states. Our worldwide employment stands at 78,000 today. Of these, approximately 60,000 are employed in the United States. Sales for 1976 were $5.04 billion. Taxes paid (total U.S.) were $396.7 million in 1976, profit was $383.2 million.

Domestic Offices and Facilities

Caterpillar has the good fortune to have offices and facilities in many fine communities. Below is a list of our U.S. operations, along with employment figures and our judgement as to whether each is in a "central city" location.

CATERPILLAR FACILITY (USA)	EMPLOYMENT (Approx.)	CENTRAL CITY*
World Headquarters:		
Peoria, Illinois	2,500	Yes
Manufacturing Plants:		
Aurora, Illinois	6,000	No
Bettendorf, Iowa	200	No
Dallas, Oregon	500	No
Davenport, Iowa	1,900	Yes
Decatur, Illinois	5,100	Yes
East Peoria, Illinois	17,000	Yes
Joliet, Illinois	5,800	Yes
Mapleton, Illinois	3,200	No
Mentor, Ohio	2,700	No
Milwaukee, Wisconsin	850	Yes
Mossville, Illinois	6,200	No
Peoria, Illinois	100	Yes
San Leandro, California	2,000	Yes
York, Pennsylvania	2,600	Yes
Parts Distribution Facilities:		
Morton, Illinois	2,700	No
Denver, Colorado	300	Yes
Memphis, Tennessee	350	Yes
York, Pennsylvania	500	Yes

*Since your letter does not define "central city," we have considered a facility to be in a central city location if it is within the corporate boundaries of a city which usually is dominant in the larger community.

Location and Expansion Plans

It is our policy not to make public forecasts of future dimensions of our business because it is a very inexact science, influenced by many factors beyond our control. We don't want to mislead people, or promise more than we can deliver. Usually plans are announced only after being fully developed ... and first announced to the community involved.

However, we expect the growing need for energy, food, minerals, transportation, and new construction will continue to offer increasing opportunities for Caterpillar.

In that regard, the company is carrying out a five-year expansion program that will add nine million square feet of manufacturing space by the end of 1978 ... most of it at existing plants.

As we look beyond our current construction program, we see several areas where additional capacity will be needed. Recently we purchased 425 acres of land at the east edge of Lafayette, Indiana, as the future site of a manufacturing plant.

Location and Expansion Considerations

Many factors affect the decision to locate or expand a Caterpillar facility. Among the most important considerations are the following:

1. The nature of our company. Caterpillar has its roots in moderate sized cities (by and large, Midwestern cities) ... as do most of our employees. We have found this environment conducive to successful operations.

2. The nature of our manufacturing process. Caterpillar manufacturing and parts facilities are highly interdependent -- they furnish parts and components to one another daily. This makes it essential, in many cases, that plants be in the same geographical area of the country, and as a result most of our U.S. facilities are in the Midwest.

3. The nature of heavy industry. Heavy manufacturing facilities and parts support operations such as ours require excellent access to well-maintained highway and rail service. Such facilities need large tracts of land and usually operate around the clock. Moreover, they involve constant movement of people and materials to and from the facility. Finally, heavy industry requires a substantial work force possessing various degrees and kinds of skills.

   Given the facts above, it is easy to see why Caterpillar tends to locate its operations in medium-sized communities, principally in the Midwest. Host communities must have large tracts of reasonably-priced land available, near major transportation routes ... land located where the activities of such facilities will not significantly affect the quality of life of the community or the smooth flow of its other daily business.

4. The nature of host communities. In addition to the above considerations, the quality of community services is essential to our ability to attract and retain

skilled employees. Local government services and cooperation, recreational and cultural activities, schools and medical facilities are all examined for quality and availability.

Recruitment and Job Training

It is our policy to hire locally to the extent needed skills are available. Our hiring practices are framed by considerations of fairness and are supplemented by vigorous and significant affirmative action programs.

Caterpillar conducts a wide range of training programs to help employees learn and improve skills. We conduct cooperative training programs with a number of universities, and provide a generous program of financial assistance to employees pursuing job-related college courses. Such training assistance adds substantially to the success of our employees.

American Business Climate

Due to the nature of Caterpillar's operations, governmental policies do not usually play a determining or even major role in our decisions concerning facility location and expansion. Overshadowing the impact of governmental action are considerations already mentioned above: geographic proximity of plants, good access to transportation services, adequate work force, ... and availability of adequate, reasonably-priced land. Therefore, we can offer few suggestions for government efforts to induce industry to locate in the "central city."

Nevertheless, Caterpillar has major facilities in 17 American cities and shares the subcommittee's concern for their continued vitality.

In a larger sense, the prosperity of those and all American communities rests, to a substantial degree, on the continued growth and success of American private enterprise. And that success is significantly affected by the actions of government at all levels. Government, in fact, has shaped the American business climate since the founding of the Republic.

Today, actions by government reverberate throughout the whole of the U.S. business community. Public officials have a growing responsibility to be sensitive to the affect their actions have on the foundation of America's economic strength ... free enterprise.

In that regard, we have a few recommendations:

1. Relations between public officials and businessmen should be based upon mutual respect and cooperation -- not confrontation. When governmental leaders consider

actions of vital import to the business community, the public interest is best served by real dialogue between the parties concerned prior to final action. Business, on the other hand, needs to give full consideration to the public interest in conducting its affairs.

A good example of public-private cooperation is the "Americology" project in Milwaukee. There, the American Can Co. and city officials worked together to solve a solid waste disposal problem. Jobs were not sacrificed to sound waste management or vice versa because of a spirit of cooperation.

2. Government policies and regulations should be clearly written and fairly stable. Frequent changes in public law hinder business' ability to operate efficiently and effectively. This is especially true in the area of taxes. Taxes paid by American business are substantial and must be planned for. Moreover, tax levels have a real affect upon private enterprise's ability to expand, to compete, ... and even stay in business.

3. Capital formation and investment is the lifeblood of industry. Tax policy written to encourage capital formation and reinvestment is one of our best assurances of a prosperous future.

4. Hand in hand with the subject of capital formation goes productivity: the wise use of our wealth. In 1940, total government (nonproductive) spending accounted for 17½ percent of our GNP. Today that figure is 35 percent. Government is not only spending more, it is employing more of the work force. As late as 1970, one out of eight were on public payrolls. Today, only seven years later, that figure is one out of five.

   Dollars spent by government are dollars unavailable for reinvestment by private enterprise. The subcommittee's expressed concern is a real one: "The plight of our central cities and their unemployed is among the most pressing of this nation's problems ... the revival of these cities represents a huge investment in public facilities, commerce, and housing." As government spending, especially deficit spending, grows, (the federal budget has been balanced only four of the last 23 years) there will simply be fewer dollars for the private sector to invest in our cities.

5. The marketplace (where consumers vote with their dollars) is a phenomenon government should hesitate to interfere with. The marketplace, although imperfect, is our

best insurance for a balance of society's needs and resources and its competitive nature insures meeting those needs in the most efficient manner possible.

6. Finally, government laws and regulations continually resolve conflicts between competing interests in society. But often these conflicts are not resolved in an effective or sometimes even rational way. For example: a provision of the Clean Air Act delays construction of many new facilities for a year or more while the atmosphere of the area is sampled -- even if two or three months sampling would suffice. Another example: federal EPA provisions require that all industrial plants quantify their waste in terms of pounds of pollutants per unit of time or product ... even though industries like Caterpillar do not lend themselves to such waste measurements. Caterpillar can only effectively measure its waste in terms of concentration of pollutants. Such impasses can be avoided when laws, while meeting their goals, are administered to fit the practicalities of individual situations. A final example: the Congress is presently considering a bill which would mandate the inclusion of "pregnancy benefits" in all private employee medical benefit programs. This would be the first time a governmental body would decide what extra benefits a company must offer its employees. It would raise the cost of such programs to the point that some businesses might not be able to establish or continue any medical benefit package at all. Given the fact that only 40 percent of American workers enjoy the benefits of group medical plans, Congressional action should enhance -- not diminish -- the ability of business firms to offer such programs.

This opportunity to participate in the subcommittee's study is welcomed. We hope that our thoughts will be helpful in your efforts to revitalize the economic base of American cities.

Sincerely,

Michael C. Maitland

Governmental Affairs

CABLE ADDRESS CHAMPION

Champion Spark Plug Company

P. O. BOX 910, TOLEDO, OHIO · U.S.A. 43661
TELEPHONE AREA CODE 419 · 535-2567

November 22, 1977

U.S. House of Representatives
Subcommittee on the City, Committee on
Banking, Finance and Urban Affairs
604 House Office Building Annex 1
Washington, D. C. 20515

Gentlemen of the Congress:

From my individual point of view, as well as Champion as a company, we share your concern over the plight of our central cities and their unemployed.

As I am sure you appreciate, we make every effort to be a responsible corporate citizen and one such effort is directed toward providing increased employment opportunities. Champion is probably unique in that its Corporate Headquarters, Research and Development, Automotive Technical Services and three of its largest manufacturing plants are located, or depending on definition, adjacent to the central part of Toledo. In addition, Champion has one of its major manufacturing plants in Detroit- and while it probably could not be described as central city, it is close to it and draws employees from that area.

While the possibilities you list in your letter exist, I respectively suggest that these generalizations are probably an oversimplification of the possibilities and more important the probabilities.

The answer to the specific questions in your letter are set forth below:

1. (A) Spark Plug Assembly Plants (2) - Toledo
   (B) Spark Plug Ceramic Plant (1) - Detroit
   (C) Paint Spray Manufacturing Plant (1) - Toledo
   (D) Corporate World Headquarters
   Champion-DeVilbiss (2) - Toledo

2. While no major expansions are planned - given a growing economy, all locations are expected to grow in terms of production and employment.

awda

3. As a "Job training activity," Champion has established a cooperative program with two inner-city vocational schools. At the end of the school year, these students are sometimes hired into a salaried position, or counseled into furthering their education on a career which they have identified as appealing during their co-op program term. Recruitment is conducted through inner-city agencies such as "Concentrated Employment Programs," "Guadalupe Center," "Jefferson Center," the N.A.A.C.P. and the Spanish Information Center.

4. An example of legislation that is well-intended but which can be counterproductive is the recently enacted Civil Rights legislation covering handicapped individuals in Michigan, which has adversely affected our hiring practices in Champion's Detroit plant. We have a policy requiring an individual to pass a physical examination for both the Company's and prospective employee's protection which may be determined to be discriminatory by the Michigan Civil Rights Commission under this new act.

However, it must be recognized that a decision to locate a business is made after considering many factors, including customer service, services available, security and willingness of all employees and customers to come into a particular area.

I believe you would agree that within the limits of the above, Champion has always worked toward creating jobs and, in fact, its major operations are located in the central city.

I trust this letter will convey a message of action and concern.

Yours very truly,

CHAMPION SPARK PLUG COMPANY

President

Chicago Bridge & Iron Company

800 Jorie boulevard
Oak Brook, Illinois 60521

telex 253186 and 253056
cable CHIBRIDGE Oak Brook
telephone 312. 654 7000

November 9, 1977

Subcommittee on the City Committee
on Banking, Finance and Urban Affairs
U.S. House of Representatives
604 House Office Building, Annex 1
Washington, D.C. 20515

Gentlemen:

This is in response to your letter of October 27, 1977.

CBI designs, fabricates, and constructs plate metal structures and related systems. Although our government classifies us as manufacturers, we are more accurately described as a construction company. Consequently, the bulk of our employees are located at a variety of shifting construction sites throughout the country.

We do have roughly 4,000 employees working at fixed locations. Most of these are at seven fabricating plants, most of which are located on the outskirts of major cities. These plants are of the heavy industrial variety. As pointed out in your letter, these do not lend themselves to central city location.

We have a number of sales offices in central city locations. However, these typically employ from three to perhaps 15 persons and are too small to be of any assistance in solving inner-city unemployment problems. Our corporate headquarters employs roughly 700 people and is located in a suburban area. This location was established some 20 years ago, primarily because of easy access to O'Hare Field and interstate highways. There is a great deal of traveling both to and from our headquarters office.

Our research facility employs about 80 people and is located at Plainfield, Illinois. Here, some ten years ago, we purchased an existing facility from another corporation. The basic consideration was the facility's adaptability to our purposes and what we considered to be an attractive price.

Obviously, we are not in a good position to respond to the specific questions contained in your letter. At present, all of our manufacturing facilities are under-utilized and there are a substantial number of employees on layoff. Thus, our present efforts are aimed at securing sufficient business to be able to recall those employees. This is proving to be a difficult task.

Obviously, we are not planning for expansion under these circumstances.

We suspect that unemployment in central cities is part of a larger problem. That larger problem is a very sluggish economy, resulting in a slowing in investment in plant and equipment on the part of U.S. corporations, brought about in part by a lack of confidence in solutions proposed by government. We respectfully submit that the Congress might be well advised to work on the larger problem first.

Yours very truly,

M. G. Mitchell
Chairman and President

CHRYSLER
CORPORATION

E. H. FYDHOLM

VICE PRESIDENT-CIVIC AFFAIRS

November 30, 1977

Representative Henry S. Reuss
Chairman, Subcommittee on the City
Committee on Banking, Finance and Urban Affairs
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Representative Reuss,

In response to your Subcommittee's request of October 27, 1977, we are submitting the following answers to the questions you have posed.

1) Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?

In defining "central city" we've omitted artificial municipal boundaries and tend to emphasize high density population concentration of poor and minorities that have access to local plants.

In terms of the refined definition there are 12 plants in Detroit, two plants in municipal enclaves within Detroit central city, two in nearby Warren a suburb of Detroit and one each in Dearborn and Center Line, two readily accessible suburbs of Detroit. Also in the Indianapolis area we have two plants located in the central city.

These plants employ nearly 67,000 of the 143,500 Chrysler Corporation employees in the United States. See Attachment I.

2) What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?

Production requirements mandate a continuous review of plant limitations and capabilities. Central city plants are included in this review and recently we have modernized one plant and are expanding another in a central city.

DETROIT, MICHIGAN 48231

Many older plants were built during the popularity of public transportation systems and large areas were not reserved for parking or future expansion. In some cases intense residential development occurred around these plants. The major physical constraints are lack of adjacent land for expansion, parking and storage. The proximity of residential land-use works against expanded industrial activity which might result in pedestrian and vehicular congestion plus some increased noise and dirt.

Some plants are located in areas where the air quality does not meet prescribed standards. Expansion could be delayed or even forbidden for this reason. Furthermore, the states in which our central city plants are located may be non-competitive in water and sewer rates, workers compensation and unemployment compensation rates in comparison with those of other cities and other states. The availability of energy sources and fair rates to industrial activity is becoming increasingly important to decisions on expansion, maintenance, or contraction.

3) What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?

Over the last ten years, Chrysler Institute, the education arm of Chrysler, has evolved what many believe is the finest preparatory programs in the private sector for the hard-to-employ and disadvantaged citizens. These programs serve individuals referred by the various agencies with whom Chrysler Institute contracts and cooperates, such as cities and counties under the Comprehensive Employment and Training Act (CETA)--School Systems, Work Incentive Programs, Vocational Rehabilitation Services for the handicapped and the Department of Social Services.

Chrysler Institute currently not only provides trained, motivated personnel for Chrysler Corporation hiring, but also prepares similar applicants for other employment opportunities. These are a wide variety of services which the Institute's Entry-Level Training Department delivers to these various agencies and the disadvantaged clients they serve. See Attachment II.

4) Which existing federal, state or local policies, if any, discourage you from maintaining or locating operations in central cities? What new governmental policies would encourage you to maintain or locate operations in these areas?

A lack of uniformity or consistency among levels of government, or among different agencies of a single governmental level, makes decisions on maintaining or locating plants in central cities more difficult than we would wish.

In addition, there is a lack of understanding by federal, state and local government of the influencing factors outlined in answer to question two and lack of action in finding solutions or compromises to these problems.

The use of tax incentives such as Michigan P.A. 198 of 1974, which freezes present tax on renovated or expanded facilities influenced two recent decisions by Chrysler Corporation.

Additional assistance in making available land adjacent to present plant sites and long range financing with local or state revenue bonds would provide additional incentives. In many cases, however, these few suggested positive items by themselves would not be sufficient without correction of many of the inhibiting influences noted in the reply to question two.

We hope we have been responsive to your inquiry. And we wish your committee success in dealing with the complex problems you have undertaken to resolve. If we can be of any further assistance please do not hesitate to call on us.

Sincerely,

E. Harwood Rydholm
Vice President - Civic Affairs

Attachment I

Amplex - Detroit	390
Jefferson Assembly - Detroit	2,900
Vernor - Detroit	800
Lynch Road Assembly - Detroit	5,000
Detroit Forge - Detroit) Eldon Axle - Detroit)	5,400
Huber Winfield Foundry - Detroit	2,600
Wyoming Glass - Detroit	1,000
Hoover Training - Detroit	150
Hamtramck Assembly - Hamtramck (Surrounded by Detroit)	10,000
Highland Park Headquarters - Highland Park (Surrounded by Detroit)	9,300
Mound Road Engine - Detroit	3,350
Mack Avenue Stamping - Detroit	4,800
Outer Drive/8 Mile Stamping - Detroit	3,000
DUD Parts Plant - Dearborn (A few blocks from Detroit)	1,200
Warren Stamping - Warren (One mile beyond Detroit)	3,500
Warren Truck - Warren (One mile beyond Detroit)	7,600
Center Line Parts Depot - Center Line (Two miles beyond Detroit)	1,000
Indianapolis Foundry - Indianapolis, IND	1,400
Indianapolis Electrical - Indianapolis, IND	3,600
	66,990
Total U.S.	143,500

Attachment II - Chrysler Institute

Outreach and Recruitment....

Chrysler Institute has devised creative ways to ensure that appropriate and equitable representation of various disadvantagements are included in program service delivery.

Assessment, Personal Career Plan and Referral....

Chrysler Institute has demonstrated the ability to utilize a testing and interview process that helps direct disadvantaged clients to the proper remedial training or service delivery.

Goal-Directed Group Counseling....

This program by the Institute includes value clarification, goal setting, peer critique and evaluation.

Simulated Hands-On Training and Assessment....

Some say the Institute invented the term "vestibule" training, with its use of a simulated factory to teach and practice basic work skills.

Skilled Training....

Based on the needs of a community, the Institute has designed, developed and delivered specific training in such areas as: Welding, Power Sewing, Machinist, Custodial Maintenance, Typing, etc.

Job Survey and Development....

Recognizing that the needs and likes of disadvantaged clientele may more appropriately align with employers other than Chrysler, the Institute is in constant contact as a referral source with several thousand employers in the Detroit metropolitan area and beyond.

Job Search Activity....

Chrysler Institute has piloted an innovative approach which utilizes the disadvantaged clients themselves in the seeking of employment, as well as providing a theoretical and practical basis for that job search.

Placement and Follow-Up....

The Institute also provides all services necessary to assure successful introduction to a new job, and then continues that contact through successful acclimation to full-time employee status.

On-the-Job Training....

Through its in-plant Follow-Up Advisors, Chrysler Institute assures that the first line Chrysler supervisor is supplemented in dealing with disadvantaged clients until all parties are assured that the new employee is a successful part of the Chrysler work force.

Staff Training....

Chrysler Institute also shares its hard-won expertise in all of the above areas with agencies, schools and organizations who might also be funded and mandated to serve the same disadvantaged population.

It should be noted that all of these services of Chrysler Institute are well tested in actual service. In fact, over the past ten years, Chrysler Institute has served over 50,000 disadvantaged clients, and secured some 40,000 jobs in the private sector.

In addition, there are recruitment activities as they relate to the areas of Personnel Planning and Administration:

National Alliance of Businessmen

Chrysler Corporation is a member of this organization and participates in and supports its programs. Chrysler executives have served in a leadership capacity on a full-time basis.

Project START

This organization assists convicted nonviolent property offenders in an effort to reduce recidivism and secure employment. It functions in the inner-city, and one of Chrysler's executives is on the Board of Directors.

Mayor's Committee on Human Resources Development

Chrysler has cooperated with this organization in attempting to provide jobs for inner-city residents.

Court Probation Departments

The Corporation cooperates with the Federal Probation Department and the Recorder's Court in attempting to place offenders.

Miscellaneous

In addition to the above, Chrysler Corporation cooperates with various church groups, community action groups, half-way houses, drug abuse rehabilitation centers, etc.

23-313 O - 78 - 6

Clark Oil & Refining Corporation
8530 West National Avenue
Post Office Box 1994
Milwaukee, Wisconsin 53201
414-321-5100

November 30, 1977

U.S. House of Representatives
Subcommittee on the City
Committee on Banking, Finance and Urban Affairs
of the Ninety-Fifth Congress
604 House Office Building, Annex 1
Washington, D.C., 20515

Dear Committee Members:

Clark Oil & Refining Corporation shares your concern for our central cities economic stability and vitality. As a large employer and an economically motivated enterprise, the condition of our central cities strongly affects our organization.

In your letter dated October 27, 1977, you were seeking information on our organization's present and future plans in the central cities. The following responses address those questions:

(1) QUESTION - Which of our operations are located in central cities and how many persons are employed?

ANSWER - Clark Oil's Marketing operations are located in the following large population centers:

Milwaukee, WI
St. Paul, MN
Minneapolis, MN
Kansas City, KS
Chicago, IL
Indianapolis, IN
Cincinnati, OH
Detroit, MI
Dearborn, MI
Columbus, OH
Cleveland, OH
Louisville, KY
St. Louis, MO

Clark Oil has a Marketing district office in each of these cities, in addition to a large number of service stations. Clark Oil employs approximately

2,600 employees at these district offices and service stations. This represents approximately 50% of our total labor force.

(2) QUESTION - What plans does Clark have to expand or contract these operations and what are the major factors that have influenced these plans?

ANSWER - Presently, Clark plans on converting a number of full service stations to self service. In addition, Clark will continue expanding into the grocerette business in these central city locations.

The major factor contributing to this change is the complexion of the oil industry. The industry trend is toward more and more self service stations.

(3) QUESTION - What recruitment or job training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?

ANSWER - Clark's service station personnel come from the local labor market.

Clark Oil has recently entered into an agreement with the U.S. Department of Labor to select, train and develop 300 unemployed Vietnam Era Veterans as service station managers.

(4) QUESTION - Which existing federal and local policies encourage or discourage operations in the central cities?

ANSWER - A major problem in many cities is good police protection.

I hope the above succinctly answers your major questions.

CLARK OIL & REFINING CORPORATION

Owen L. Hill

OWEN L. HILL
Chairman of the Board

Robert B. Shetterly
President

The Honorable Henry S. Reuss
Chairman, House Subcommittee on the City
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Congressman Reuss:

We agree with you that major corporations must recognize that they have an important role to play in helping revitalize our inner cities. The Clorox Company has done so, and has made its commitment public.

In April 1976, we moved our corporate headquarters into the heart of Oakland's downtown urban renewal area. Clorox began in Oakland in 1913. It is here that Clorox has felt it could make the greatest contribution to economic development, by directly participating in the joint effort of business, government and the community to restore the economic and social vitality of a major urban center.

For the past year, I have been the Chairman of the Oakland Council for Economic Development (OCED). Oakland is one of the ten target cities funded by a grant from the Economic Development Administration. OCED has been working closely with the city administration to prepare an economic development plan for the city. Because Oakland's unemployment rate exceeds 13%, the major objective of this cooperative effort is to provide jobs for Oakland residents.

The enclosed Interim Report describes OCED and its accomplishments to date. While good progress has been made, there is much left to do.

We are just beginning to evaluate federal, state and local government policies that affect business operations in central cities, and are not prepared to respond specifically to your inquiry. However, we felt you should know about OCED as an excellent example of the cooperative effort necessary to bring non-industrial business back to the inner city.

Clorox does have small plants (150 employees or fewer) in several other major cities. However, due to the nature of our business, we plan no major expansions during the next five years. Consequently, as a corporation we are not examining the questions you posed in your October 27 letter.

We hope that the information we are providing on the Oakland Council for Economic Development will assist the Subcommittee. We believe such a mechanism can be very effective in other urban centers.

Sincerely,

J. D. Sullivan

INTERIM REPORT: OAKLAND COUNCIL FOR ECONOMIC DEVELOPMENT

November 21, 1977

OAKLAND COUNCIL FOR ECONOMIC DEVELOPMENT

The Oakland Council for Economic Development (OCED) was created by concerned business leaders who felt that the business community must take a leadership role in generating and sustaining support for economic growth in the City of Oakland. An initial steering committee, chaired by Mr. William R. Roesch, President of Kaiser Industries Corporation, formulated the preliminary operating structure, goals and economic development plan. With the official formation of OCED, under the leadership of Mr. Robert B. Shetterly, President of The Clorox Company, OCED has been recognized and approved by the Mayor and City Council as an independent, private, non-governmental organization which will advise City policy makers on appropriate actions and policies to affect economic development in the City.

OCED Goals

OCED is dedicated to the proposition that a healthy economic base is the necessary foundation for a dynamic, growing community -- one which offers employment opportunities for its citizens, sound municipal operations, and the complex of necessary social, educational and recreational amenities. To that end, OCED has evolved three goals to guide its activities:

1) retain existing industry

2) attract new industry

3) improve the community infrastructure so that it is supportive of economic growth

Specific Responsibilities

OCED has identified the following as its major responsibilities:

1) present recommendations on City public policy relating to economic development to the Mayor and City Council for their review and action.

2) participate as appropriate in the formulation and implementation of the City's economic development plan.

3) engage in activities necessary to promote and stimulate local economic development.

Task Forces

In order to utilize the full resources available in the community and to generate broad-based support for its activities, OCED has formed eight task forces to assist in its economic development efforts. Task forces are chaired by an OCED member appointed by the chairman. Task force chairmen in turn select persons who are perceived to have expertise, interest and experience in the respective field of concern to the task force.

The role of these task forces in general terms is to assist OCED in carrying out its economic development objectives by discussion and follow-up activities. Nearly 100 citizens are involved in OCED programs as task force members.

Community Environment -- James A. Vohs, Chairman, and President, Kaiser Foundation Health Plan

Downtown Development -- Lloyd A. Edwards, Chairman, and President, First Enterprise Bank

Employment Development -- William H. Parker, Chairman, and East Bay Manager, Pacific Telephone Company

Financing Support -- Blair R. Egli, Chairman, and Vice President, Bank of America

Industrial/Commercial Retention -- Kenneth L. Thompson, Chairman, and Partner, Coopers & Lybrand

Investment Opportunities -- Peter S. Hass, Chairman, and Vice Chairman, Kaiser Cement & Gypsum Corporation

Land Utilization -- William Walters, Chairman, and Partner, White, Giambroni & Walters

Small Business -- Rufus J. Hernandez, Chairman, and Chairman, City Center Federal Savings & Loan

Staff

Staff services to the Oakland Council for Economic Development are performed by the Community Economic Development Program staff of the City of Oakland, funded by a grant from the U.S. Economic Development Administration in the amount of $250,000 per year for two years. Oakland was selected by EDA as one of ten target cities for community economic development programs. The purpose is to provide federal assistance to these cities on a demonstration basis to design and implement local economic development programs. Additional staff assistance to OCED is provided by the Office of Community Development which has the responsibility for the City's redevelopment activities.

OCED Membership List

Officers

Honorary Chairman:

* Mayor Lionel J. Wilson
Mayor of Oakland

Chairman:

* Mr. Robert B. Shetterly
President, The Clorox Company

Vice Chairman:

* Mr. James A. Vohs
President, Kaiser Foundation Hospitals/Health Plan

Secretary:

* Mr. Justin Roach, Jr.
Crosby, Heafy, Roach & May Professional Corporation

Treasurer:

* Mrs. Emelyn K. Jewett
President, Tribune Publishing Company

Other Members

Mr. Tom Berkley
Publisher
The Oakland Post

Ms. Elaine Brown
Executive Director
Educational Opportunities Corp.

* Mr. Lloyd A. Edwards
President
First Enterprise Bank

Mr. Blair R. Egli
Vice President
Bank of America

Mr. Thomas W. Fryer, Jr.
Chancellor
Peralta Community College Dist.

Mr. Peter S. Hass
Vice Chairman
Kaiser Cement & Gypsum Corp.

Mr. Rufus J. Hernandez
Chairman
City Center Federal Savings & Loan

* Dr. Ruth Love
Superintendent
Oakland Public Schools

Mr. Dale L. Lynch
President
Safeway Stores, Inc.

* Mr. Charles Mack
Secretary-Treasurer
Brotherhood of Teamsters and Auto Truck Drivers Local #70

Mr. Cornell C. Maier
President
Kaiser Aluminum & Chemical Corporation

Mr. William Morrish
President
First American Title Guaranty Company

Mr. William H. Parker
East Bay Manager
Pacific Telephone Company

Mr. C. J. Patterson
President
Golden State Business League

Mr. Charles J. Patterson
Senior Vice President
World Airways, Inc.

Other Members (Continued)

Mr. Kenneth E. Reeves
President/Business Manager
Paint Makers & Allied Trades
Local #1975

Mr. Kenneth L. Thompson
Partner
Coopers & Lybrand

Mr. William Walters
Partner
White, Giambroni & Walters

Mr. William Ward
Business Representative
Building Trades Council of
Alameda County

Mr. Edward B. Wong
Owner
Edward B. Wong Company

Mr. Clarence Woodard
Director & Consultant to
the Board
NL Industries, Inc.

* Members of the Executive Committee

PROGRAM AND ACCOMPLISHMENTS OF THE CITY AND OCED

Since organizing itself in mid-1976, the Oakland Council for Economic Development and the City staff have pursued the following courses of action:

1) development of an overall plan for economic development.

2) development of operating and reporting procedures for the City staff and OCED.

3) organizing the various OCED task forces and enlarging the Council from 11 to its present 25 members.

4) actively pursuing specific projects important to the success of the City's economic development program.

A description of some of the specific projects follows.

Oakland City Center

The early completion of Oakland City Center has been a first priority. OCED and the City have coordinated efforts closely with the developer for City Center to obtain the essential third department store commitment so that the regional shopping mall construction could move ahead. As discussed in a previous section, negotiations with Bullock's department store are well under way, and it appears likely that they will be concluded succesfully within the near future. A key to the success of the shopping center has been the completion of the Grove-Shafter freeway. Through the efforts of OCED and others, the commitment to complete the freeway has been obtained from the State, and construction is scheduled to start in early 1979. Completion of the shopping center itself appears to be likely by early 1981.

City Center Hotel

City staff and the City Center developer are in the process of preparing a request to EDA to provide the financial assistance required to make the proposed 400-room City Center hotel a feasible project. The cost of the hotel has been estimated at $23 million.

Hong Kong/USA

A disposition agreement between the City and the developer has been signed, and the developer has submitted preliminary plans to the City's Office of Community Development for approval. OCED involvement has been minimal to date, but its role of expediting and assisting will grow as the project progresses.

Victorian Row

OCED, largely through the efforts of its Financing Support Task Force, has been engaged in developing a financial package through a consortium of local banks to enable the restoration of Victorian Row in downtown Oakland to get under way. Negotiations with the banks, the developer and the City of Oakland have been carried on intensively over the past 12 months. While several obstacles still remain, considerable progress has been made which should enable work to begin in early 1978.

Early Warning System

An early warning system is being developed to identify at the earliest possible moment, any existing Oakland business that may be contemplating moving out of the City or expanding or relocating within Oakland. The system will require close cooperation and communication between City agencies and a number of check points external to the government -- i.e. OCED, realtors, banks, the Chamber of Commerce, etc.

Business Survey

The City and OCED have conducted a survey of the 600 major businesses within the City. The purpose is to provide in-depth information about types, locations, plans and problems of local businesses. A part of the study includes recommendations for action by the City or by others.

Permit and License Handbook

A permit and license handbook detailing the necessary permits and licenses required of businesses to operate in the City was completed by City staff and distributed widely to government agencies and private sector organizations.

One-Stop Business Service

An important element of the City's economic development program is the establishment of a one-stop business service at City Hall. The design of the program has been completed and will be implemented within the next few months. The service will offer business a centralized location to obtain assistance and information. The service will also work toward streamlining the City's time-consuming administrative procedures which slow down business expansion and investment.

Foreign Trade Zone

The City staff is conducting a study of the need for and the feasibility of establishing a foreign trade zone in Oakland. The study is being conducted in close cooperation with the Port of Oakland.

Employment and Training Programs

The reduction of Oakland's high unemployment rate is a major objective of the City's economic development program. The Employment Development Task Force has been working closely with the City Manpower Department and the State Employment Development Department to see what progress can be made in providing jobs for Oakland residents as a result of economic expansion. In addition, OCED has undertaken co-sponsorship with the Mayor of a "Hire Oakland" Program which has just gotten under way. This program is aimed at finding 400 jobs in the private sector for local residents, utilizing federal funds for on-the-job training.

Business Retention Activity

One of the most effective of the OCED task forces has been that of Business Retention. Task force members have called upon businesses which have been contemplating leaving the City for a variety of reasons. In most instances, OCED and the City working together have made progress in solving some of the specific problems of these firms.

Economic Planning and Analysis Program

City staff, with the advice and assistance of OCED, will develop a comprehensive economic analysis of Oakland which will result in an improved program planning effort during the next year.

Other Activities

In addition to these major activities, OCED has served as a sounding board for the City on specific issues where the Council's advice has been sought. OCED has made recommendations opposing the imposition of an employee license tax and recommendations concerning a proposed industrial park in East Oakland and a proposed economic element to be added to the City Comprehensive Plan.

Collins & Aikman Corporation
Executive Offices
210 Madison Avenue
New York, NY 10016
(212) 953-4200

November 2, 1977

Congressman Henry S. Reuss
U. S. House of Representatives
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Congressman Reuss:

In response to your letter of October 27th regarding the plight of our central cities, we would answer your four questions as follows:

1. Collins & Aikman's total employment is approximately 11,000 people. Of 35 manufacturing plants, one is in the city of Nashville, Tennessee employing some 750 people. The corporation has numerous marketing and certain financial facilities in cities throughout the country. These facilities employ approximately 600 persons.

2. Our employment in these cities will expand as our business grows over the next five years; however, our policy is to maintain facilities in cities only as necessary, i.e. marketing, financial, distribution, and warehouse functions.

3. We support numerous private and public projects that are aimed at the unemployment problem in central cities and, of course, recruit from the same areas.

4. State and/or local policies obviously vary from city to city across the country. We find that some towns and cities in America are quite progressive in their interfacing with businesses in the private sector. Such cities typically would have favorable tax policies, budgetary disciplines, welfare under control, etc. Of course, the best example of a central city that completely discourages the private sector from maintaining and/or locating operations would be New York City which has over the years levied extremely high taxes, both corporate and personal, has legislated an enormously permissive welfare program and has a single party government, which to a large extent is controlled by the municipal unions. The plight of New York City is, of course, well known. Companies and, therefore, people are still moving out of this type of central city.

In our opinion, one would be encouraged to move back to such a central city only when it was demonstrated that there were basic reforms in the political arena, government budgetary disciplines reinstated, and a demonstration at all levels of government that the excessive abuses of the municipal workers, unions, and the civil service code in general would be brought under control. In short, until central city government addresses itself to the problems of these excesses and, therefore, the huge deficits which in turn require higher and higher taxes, there would be no encouragement in the years ahead to maintain or increase employment in these locations by the private sector.

Sincerely,

ConAgra, Inc.
Kiewit Plaza
Omaha Nebraska 68131
Phone (402) 346-8004

Christian C. Hansen
Vice President
Public Affairs

Corporate Headquarters

November 3, 1977

The Honorable Henry S. Reuss
Chairman
Sub-Committee on the City
United States House of Representatives
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Chairman Reuss:

On behalf of C. M. Harper, President of ConAgra, Inc., I am responding to your letter of October 27, 1977 concerning the interest of your Sub-Committee in the plight of our Central Cities.

The following is an answer to the several items of information you requested - in the order listed in your letter.

1. At the present ConAgra, Inc. has a total of 77 production facilities or offices in 19 states in the continental United States and 6 in Puerto Rico.

   Many of these facilities are small in size (such as a poultry hatchery or a grain elevator) and are located in relatively small communities which do not have a "Central City" profile germane to your concern.

   However, in the Cities of Omaha, Nebraska; Oakland, California; Tampa, Florida; Minneapolis, Minnesota and San Juan, Puerto Rico we do have fairly extensive operating units and offices. On the assumption that these cities do have a "Central City" profile, we could identify them as five such cities which would relate to the subject of your inquiry.

   Excluding Puerto Rico, we employ a total of 675 people in the other four named cities in the continental United States. This is about 17% of our total United States employment of 4,073 employees.

Of the 675 employees, 478 are in Omaha; 39 in Oakland, California; 78 in Tampa, Florida; and 80 in Minneapolis. I mention this to illustrate that in most of our locations our number of employees is small in relation to the city size. On the other hand, we do have many such locations in the United States in the medium to small size communities which conforms to the nature of our Agribusiness function. In short, our operations on the whole are located in rural America rather than metropolitan city areas.

In these four metropolitan cities, our manufacturing units (flour mills - feed mixing plants - grain elevators) do tend to be in the "Central City Area" due to the need for extensive rail, truck, barge or ocean shipping facilities in and out.

2. Our plans to expand for the next five years involves both internal expansion of existing businesses as well as through selected acquisitions of other businesses in the overall basic and consumer food product areas.

   Internal expansion would likely follow the same pattern as now exists relative to site locations; i.e., in the medium to smaller rural area communities. As mentioned previously, this is due to the relatively small number of people associated with any one operating facility and the agriculturally orientation of our business.

   New business acquired by acquisition may result in more metropolitan city locations depending on the size and type of business involved. At this time it would not be possible to predict what the outcome would be.

   A major factor influencing these plans is the availability of capital to finance them - either internally generated cash or through non-dilutive stock exchanges as may be most appropriate.

   It is worth noting that in the short run, job creation is promoted more by expansion of existing

businesses than is usually the case with acquisitions initially. Eventually, of course, an acquired business hopefully forms a new foundation for expansion and job creation in the future.

3. Our corporation sponsors recruitment and job-training activities in each of the major cities in which we have production units or major headquarters facilities. This is particularly true in Omaha, Nebraska where we have two producing flour mills and the corporate headquarters offices as well as the headquarters for three of our major businesses.

   This sponsorship consists of active participation in and financial support to minority agencies such as the Urban League and the Opportunities Industrialization Center (O.I.C.). In addition we support minority business enterprise development through purchasing contacts and via funding of a foundation established to provide venture capital for the start of minority business enterprises.

   Our internal affirmative action programs have for several years aggressively recruited qualified minorities for all jobs - in addition to participation in the National Alliance of Businessmen Program to assist the unemployed and disadvantaged.

4. A basic element which tends to discourage us from locating new operations in a Central City Area is the high real estate tax rates which apply. For example, we are in process now of doing some preliminary planning for the construction of a new corporate headquarters office facility which would provide employment for about 400 managerial, administrative, technical, and clerical employees. Although no decision has yet been made, our preliminary studies indicate a substantial real estate tax consequence if such a facility were located in the core downtown area versus other potential sites located elsewhere.

   It would be helpful if real estate tax laws could be modified to provide relief from this kind of dis-incentive to locate in an area which otherwise

23-313 O - 78 - 7

might be desirable. Tax increment financing programs sponsored by state law would be a positive step; as would other various tax abatement plans developed and used successfully in some cities.

The real estate tax consequence for new construction is compounded by several factors. First, the initial cost of construction in the inner city area is generally higher which creates a higher value for tax purposes. Secondly, the tax rate applied to the greater value is often higher. The result can be a substantial difference which no responsible publicly owned company can ignore completely.

The altruism of a private enterprise business can be expressed only within the constraints of profitability just as the altruism of government must be contained within budget constraints.

The modification or removal of negative tax incentives on new construction or major additions and remodeling to improve efficiency and expand operations would seem to be an essential prerequisite to substantive progress.

I am hopeful this is adequately responsive to your request. If additional information or clarification is needed, please let me know.

Respectfully,

Christian C. Hansen

Note: Since Congressman Cavanaugh is a member of this committee and is our home district representative, I am taking the liberty of sending him a copy of this letter. He will be generally familiar with our business and the City of Omaha more specifically.

The Continental Group, Inc.
633 Third Avenue
New York NY 10017

Robert S. Hatfield
Chairman of the Board

November 11, 1977

U.S. House of Representatives
Committee on Banking, Finance
and Urban Affairs
Subcommittee on the City
604 House Office Building Annex 1
Washington, D.C. 20515

Members of the Committee:

We welcome the opportunity to participate in your efforts to develop programs to assist the economic renaissance of the inner cities and their unemployed.

The Continental Group, Inc., is a large multi-national corporation. Our principal business is the manufacture of packaging systems and products. This business is organized along three basic product lines: metal products, forest industries products and diversified plastic based products. In addition, a major segment of our domestic business is in life, casualty, and title insurance sales and underwriting.

Our domestic employment in each of these businesses is approximately:

Metal	14,800
Forest	8,300
Diversified	10,300
Insurance	6,100
Corporate	650
Total	40,150

The following information is furnished in response to your inquiries, in the number and order set forth in your letter.

1. Attached as Exhibit A is a listing, broken down by business segment, of our domestic facilities located in "inner cities", which shows type of facility and approximate number of employees.

Since "inner cities" is not a defined term we have used our best judgment in preparing this listing.

The considerations which dictate facility locations vary not only from one business segment to another but also within a business segment. For example, our paper mills, which are part of our Forest Industries, must be located close to the source of raw material supplies and fresh water, while our corrugated converting operations, also a part of our Forest Industries tend to be located close to the customers.

2. Expansions and contractions of our businesses are planned essentially in response to the anticipated demand needs of our markets, the rates of return which can be expected and the availability of the needed resources. We anticipate that our domestic metal container business will contract in terms of employment over the next five years due to increasing self-manufacture by our customers, competitive pressures and the fact that this is essentially a mature market with relatively low rates of return. Expansion is anticipated for our domestic paper making operations, although this will basically relate to incremental capacity and no new mills are proposed. Converting operations in our Forest Industries business serve a number of different markets, some more profitable and less mature than others. Expansion will occur in some segments, contraction in others. Our Diversified Industries is comprised of a number of different businesses, most of which we anticipate will expand, requiring additional facilities and providing additional employment. We do not anticipate any substantial change in the insurance business, although we do expect growth. This may be summarized in terms of employment as follows:

Anticipated Employment Growth (Decline)
1977-1982

	%	Jobs
Metal	(21)	(3100)
Forest	12	1000
Diversified	19	1950
Insurance	10	600
Corporate	-0-	-0-
Net		450

3. Recruitment and job-training activities specifically aimed at the unemployed in central cities is for the most part restricted to entry-level jobs where on-the-job training is provided. This includes participation in local programs such as the New York City Summer Employment Programs sponsored by the National Alliance of Businessmen, and the New York City Board of Education High School Co-op Program. In addition, we directly support OIC which has effectively undertaken training and placement activities for the underprivileged in cities throughout the country. We do also list all non-exempt jobs and a number of lower level exempt jobs with the appropriate State agencies and unemployment bureaus.

4. A treatise could be written in reply to your fourth area of inquiry. I believe, however, that a worthwhile summary is included in the Industrial and Labor Relations Report, Spring 1976, entitled "Business Climate in the Empire State: Labor Management Perspectives", published by the New York State School of Industrial Labor Relations, Cornell University. Although this Report was produced at a Conference considering problems in New York State, I believe the perceptions summarized are broadly applicable to the problems encountered by "inner cities" generally. I am including as Exhibit B three tables from the Report summarizing the factors deemed most important in evaluating the business climate and

for locating a facility. Obviously the ranking of factors would change with the locale and nature of the business but I believe the factors noted are representative.

I would like to say that no matter how much money is poured into the inner cities for housing, transportation and support of benefits, the programs will be effective in the long run only if jobs are created.

The way to create jobs in the private sector is to remove the disincentive which make locating facilities uneconomic and to provide incentives which make these areas competitive with other areas.

In conclusion, I would suggest that an effort should be made to give overall direction to these programs. There is a multiplicity of regulations and projects, with overlapping administrative and regulatory jurisdictions often in conflict and seemingly never accountable. It is essential to success that the objectives be spelled out, that one agency be given responsibility to carry through and coordinate with other programs and that some measure of accountability be established.

Sincerely,

R. S. Hatfield

EXHIBIT A

Facilities Located In Cities With A Population of 50,000 Or More

BUSINESS SEGMENT	LOCATION	TYPE OF FACILITY	NUMBER OF FACILITIES	NUMBER OF EMPLOYEES
METALS	Albany, NY	Plant	1	52
	Atlanta, GA	Div Office	1	25
		Plant	1	36
		Sales	2	16
	Baltimore,MD	Plants	2	518
	Chicago, IL	Region	1	110
		Plants	6	1435
		Sales	1	20
		Other	4	73
		Div Office	2	100
		Whole Div	1	366
	Cincinnati,OH	Sales	1	11
	Clearwater,FL	Plant	1	96
	Dayton, OH	Plant	1	147
	Denver, CO	Plant	1	49
		Sales	1	3
	Edina,MN	Sales	1	7
	Ft. Worth,TX	Plant	1	54
	Galveston,TX	Plant	1	21
	Houston,TX	Div Office	1	10
		Region	1	10
		Sales	3	57
		Other	1	2
	Lexington,KY	Other	1	2
	Longview, TX	Plant	1	38
	Los Angeles,CA	Plant	1	502
		Sales	1	24
	Malden,MA	Plant	1	52
	Milwaukee,WI	Div. Office	1	11
		Whole Div	1	1693
		Plant	1	980
		Sales	2	24
	Minneapolis,MN	Sales	1	5
	New Orleans,LA	Plant	1	62
	Omaha, NE	Div Office	1	1051
		Plant	1	527
		Sales	2	26
		Region	1	12

BUSINESS SEGMENT	LOCATION	TYPE OF FACILITY	NUMBER OF FACILITIES	NUMBER OF EMPLOYEES
METALS	Paterson, NJ	Plant	2	640
		Sales	3	24
	Passaic, NJ	Plant	1	401
		Region	1	13
	Peoria Hts, IL	Plant	1	98
	Pittsburgh, PA	Sales	2	16
	Portland, OR	Plant	1	267
		Div Office	1	10
		Sales	2	19
		Region	1	19
	Racine, WI	Plant	1	22
		Other	1	1
	Rochester, NY	Sales	1	8
	St. Louis, MO	Plant	2	472
		Sales	2	15
	St. Paul, MN	Plant	1	47
	San Jose, CA	Plant	1	151
	San Mateo, CA	Div Office	1	24
		Sales	2	3
	Seattle, WA	Plant	1	283
	Stamford, CT	Div Office	1	89
	Stockyards, IL	Plant	1	239
	Tampa, FL	Plant	2	389
		Region	1	43
	Tempe, AZ	Plant	1	19
	Townson, MD	Sales	1	10
		Div Office	1	6
		Whole Div	1	39
	Yakima, WA	Plant	1	9

BUSINESS SEGMENT	LOCATION	TYPE OF FACILITY	NUMBER OF FACILITIES	NUMBER OF EMPLOYEES
FOREST INDUSTRIES	Atlanta, GA	Plant	1	123
		Sales	3	17
		Other	1	29
	Augusta, GA	Plant	2	793
		Sales	1	5
		Other	4	175
	Buffalo, NY	Sales	1	7
		Plant	1	149
	Cambridge, MA	Plant	1	87
		Sales	1	8
	Charlotte, NC	Plant	1	40
	Chicago, IL	Plant	1	112
	Cleveland, OH	Plant	1	120
		Sales	1	7
	Colombia, SC	Sales	2	136
	Columbus, OH	Region	1	5
		Sales	1	7
		Plant	1	129
	Des Moines, IA	Div Office	1	407
	Detroit, MI	Plant	1	143
	Greenwich, CT	Div Office	4	172
		Headquarters	1	76
		Sales	2	37
	Harahan, LA	Plant	1	120
	Hazlehurst, GA	Plant	1	78
	Houston, TX	Sales	1	2
	Jacinto, TX	Plant	1	71
	Jackson, MS	Plant	1	175
		Region	1	5
	Johnston, GA	Sales	1	8
		Plant	1	81
	Los Angeles, CA	Region	1	141
		Sales	1	9
	Louisville, KY	Plant	1	102
	Philadelphia, PA	Plant	1	137
		Sales	1	8
	Portland, OR	Plant	1	123
	Richmond, VA	Plant	1	181

BUSINESS SEGMENT	LOCATION	TYPE OF FACILITY	NUMBER OF FACILITIES	NUMBER OF EMPLOYEES
FOREST INDUSTRIES	Savannah, GA	Div Office	2	37
	Syracuse, NY	Plant	1	112
	Tyler, TX	Plant	1	153

BUSINESS SEGMENT	LOCATION	TYPE OF FACILITY	NUMBER OF FACILITIES	NUMBER OF EMPLOYEES
DIVERSIFIED INDUSTRIES				
	Anaheim, CA	Sales	1	3
	Atlanta, GA	Sales	1	3
	Baltimore, MD	Plant	1	187
	Charlotte, NC	Sales	1	7
	Chicago, IL	Plant	4	1355
		Div Office	1	140
	Cincinnati, OH	Sales	2	10
		Other	1	39
	Columbus, OH	Sales	2	12
	Dallas, TX	Sales	2	10
	East Orange, NJ	Sales	1	5
	Ft. Worth, TX	Sales	1	6
		Plant	1	229
	Farmington Hills, MI	Sales	1	4
	Greenwich, CT	Div Office	1	26
		Sales	1	8
	Houston, TX	Plant	1	144
	Lima, OH	Plant	1	135
	Overland Park, KS	Sales	1	7
	Newport Beach, CA	Sales	1	3
	Rochester, NY	Sales	1	5
	Santa Ana, CA	Sales	4	16
	Stamford, CT	Div Office	2	45
	New York, NY	Div Office	1	35
	Cleveland, OH	Plant	1	59

BUSINESS SEGMENT	LOCATION	TYPE OF FACILITY	NUMBER OF FACILITIES	NUMBER OF EMPLOYEES
INSURANCE				
LAWYERS TITLE				
	Akron, OH	Full Service Office	1	21
	Atlanta, GA	"	1	54
	Birmingham, AL	"	1	43
	Boston, MA	"	1	13
	Chicago, IL	"	1	16
	Cleveland, OH	"	1	67
	Columbus, OH	"	1	34
	Dallas, TX	"	1	34
	Ft. Lauderdale, FL	"	1	108
	Indianapolis, IN	"	1	36
	Jacksonville, FL	"	1	26
	Los Angeles, CA	"	1	131
	Miami, FL	"	1	26
	New York City, NY	"	1	22
	Pensacola, FL	"	1	42
	Phoenix, AR	"	1	57
	Pittsburgh, PA	"	1	61
	Portland, OR	"	1	28
	Richmond, VA	"	1	262
	San Francisco, CA	"	1	18
	San Diego, CA	"	1	70
	Toledo, OH	"	1	29
	Tucson, AR	"	1	69
LIFE OF VIRGINIA				
	Albany, GA	Full Service Office	1	8
	Anderson, IN	"	1	9
	Anderson, SC	"	1	18
	Charleston, W.VA	"	1	25
	Columbia, SC	"	1	20
	Concord, NC	"	1	24
	Danville, VA	"	1	23
	Durham, NC	"	1	19
	Fayetterville, NC	"	1	27
	Gadsden, AL	"	1	13
	Huntington, W.VA	"	1	23
	Jacksonville, FL	"	1	10
	Macon, GA	"	1	22
	Palm Beach, FL	"	1	10
	Portsmouth, VA	"	1	31
	Richmond, VA	"	2	28
	Rock Hill, SC	"	1	18
	Rocky Mt, NC	"	1	21
	Rome, GA	"	1	9

BUSINESS SEGMENT	LOCATION	TYPE OF FACILITY	NUMBER OF FACILITIES	NUMBER OF EMPLOYEES
INSURANCE				
LIFE OF VIRGINIA (CONT)				
	Sacramento, CA	Full Service Office	1	6
	Tampa, FL	"	1	11
	Townson, MD	"	1	16
	Union, SC	"	1	28
	Williamston, NC	"	1	3
	Winston Salem, NC	"	1	30
IMC (INSURANCE)				
	Atlanta, GA	Full Service Office	1	25
	Charlottesville, VA	"	1	9
	Columbus, GA	"	1	33
	Goldsboro, NC	"	1	6
	Dayton, OH	"	1	8
	Lehigh Acres, FL	"	1	5
	Manchester, CT	"	1	16
	Orlando, FL	"	1	19
	Pittsburgh, PA	"	1	24
	Richmond, VA	"	1	53
MGT (REAL ESTATE)				
	Richmond, VA	Full Service Office	1	67
OLD EQUITY (LIFE INSURANCE)				
	Chicago, IL	Full Service Office	1	65

BUSINESS SEGMENT	LOCATION	TYPE OF FACILITY	NUMBER OF FACILITIES	NUMBER OF EMPLOYEES
CORPORATE	Altanta, GA	Credit Office	2	5
	CMicago, IL	" "	3	11
	Cincinnati, OH	" "	1	2
	Houston, TX	" "	1	3
	Los Angeles, CA	" "	1	1
	New York, NY	" "	3	9
		Headquarters	1	539
	St. Louis, MO	Credit Office	1	2
	San Mateo, CA	" "	2	2

(Exhibit B has been retained in the Subcommittee's files.)

8100 34th Avenue South
Mailing Address Box O
Minneapolis, Minnesota 55440

CONTROL DATA
CORPORATION

November 29, 1977

Mr. Henry S. Reuss, Chairman
Sub-Committee on City
Committee on Banking, Finance
and Urban Affairs
U. S. House of Representatives
604 House Office Building, Annex One
Washington, D.C. 20515

Dear Congressman Reuss:

This is in response to your recent letter requesting Control Data's input regarding the incentive for major corporations to maintain and increase their operations in urban areas. We are very pleased that the Committee is addressing its attention to this most critical question.

Attached please find a paper which we prepared late in 1976 for the transition team within the Carter Administration. This paper was prepared at the request of the Carter people who recognized that Control Data has had a great deal of experience with operating successfully in inner-city communities. The content of the paper addresses the questions posed in your letter in some detail. The employee populations within each of the plants cited has not changed substantially since late last year with the exception of the Capital facility in Washington, D.C. which has been growing steadily over the past several months. We anticipate future growth in that plant throughout 1978.

In the spring of 1977 Control Data announced plans to build a 240,000 square foot plant in the inner-city area of St. Paul, Minnesota. This will represent the fourth facility we have located in inner-city communities since 1970. In fact, virtually all of our manufacturing expansion since the late 1960's has taken place in inner-city communities. A primary motivation in establishing these operations has been to encourage in every way we can the development of job opportunities within inner-city communities. We hope that our positive experience can be communicated to other corporations so that they too will view urban areas as first-choice options for expansion.

In addition to expanding our manufacturing capability in urban areas, we are initiating a major effort built around Control Data's computer-based education technology to bring basic skills, job training, and improved job placement to young urban unemployed people. We view this as a primary need within society. We are working with a number of governmental agencies to implement this concept and would be most pleased to share our experience and plans with your Committee. The concept is described in Enclosure No. 2, Fair Break, which is a proposal recently submitted to the Department of Labor. There is little question that basic skills training and sound job skills training coupled with private sector growth and the resulting creation of new jobs are key ingredients in any plan to improve the urban environment.

We would be pleased to provide any additional information your Committee might require. Please do not hesitate to contact us.

Sincerely yours,

CONTROL DATA CORPORATION, INC.

William C. Norris

William C. Norris
Chairman of the Board

(The appendices of this report, along with the referred to Enclosure No. 2, "Fair Break", have been retained in the files of the Subcommittee.)

CONTROL DATA POVERTY AREA PLANTS

CONTENTS

INTRODUCTION Page 1

CORPORATE BACKGROUND Page 2

BACKGROUND OF PROJECTS

Rationale Page 4
Guiding Principles Page 5
Financing Page 6

PLANT OPERATIONS

Northside Page 8
Capital Page 9
Campton Page 9
Selby Page 10
Summary and Perspective Page 11

OBSERVATIONS AND RECOMMENDATIONS Page 13

23-313 O - 78 - 8

INTRODUCTION

The purpose of this paper is to provide an understanding of the rationale, approach, and results of Control Data's decisions to locate manufacturing plants in economically disadvantaged communities. Planning began in 1967 and focused primarily on the establishment of one inner-city plant. The initial success of that effort led to the establishment of three other plants in similar communities, each having a unique set of environmental and operating factors. This has provided the opportunity to observe the implementation of a commitment through a variety of concepts in a variety of settings.

The paper describes several background factors common to the development of all four plants - Northside, Capital, Camptcn and Selby. Then more detailed information is provided about each operation, describing its unique characteristics and operational results.

As with any new venture, this effort had its believers and sceptics. In 1967, there was no way to determine whose assessment was more accurate. The passing of time permits a clearer assessment today.

One of the initial objectives was to develop a model for other corporations to follow. Only very limited success toward this objective has been achieved. Most major urban poverty areas evidence this failure. Control Data is pleased that the Carter Administration is committed to serve as a catalyst in helping major corporations bring jobs to our depressed urban communities. We trust our experience - both successes and failures - will be helpful.

BACKGROUND ON CONTROL DATA CORPORATION

Control Data Corporation is a worldwide enterprise offering a unique combination of computing, professional and financial services to business, industry, government, education and other organizations.

The corporation, headquartered in Minneapolis, Minnesota, employs 42,000 persons and does business in 31 nations. Revenues from computer activities reached a record $1.25 billion in 1975, while gross income from financial services also set a new record of $675 million. Profits reached $41.5 million or $2.44 per share of common stock.

Control Data is organized into three operating elements -- computer systems and services, computer peripherals, and financial services (Commercial Credit Company). William C. Norris, one of the founders of the corporation in 1957, serves as chairman of the board and chief executive officer.

The largest segment of Control Data's computer business is computer systems, which includes scientific, commercial and aerospace computers, instruments and controls, and spare parts. Systems revenue reached a record of $456 million in 1975, equal to 36 percent of total computer business revenue.

The large-scale CDC CYBER 170 family, with four models, and the CDC CYBER 76 rank among the world's fastest computers.

The second largest, and fastest growing segment of Control Data's computer business is computer services. In recent years this segment has grown at over 20% per year and, with revenue of $445 million, contributed 35% of computer business revenues in 1975.

Data services are the major strategic thrust of Control Data's computer business. Through its CYBERNET computer networks and centers in North America, South America, Europe and Australia, Control Data provides time-sharing and batch data processing services to thousands of customers, large and small. Business data processing customers in the U.S., Canada and Europe are served through the CALL/370 network operated by the Service Bureau Company, a division of Control Data.

Professional services include maintenance of computer systems, peripheral products and electronic equipment made by Control Data and others, engineering and architectural services, consulting and software services provided by a trained staff of

more than 6,000, and education services including Control Data Institutes and computer-based education.

Peripheral equipment, the third major segment of the computer business, is marketed not only to Control Data computer users but also to other computer systems manufacturers and to users of other manufacturers' equipment. Revenue reached $317 million in 1975, or 25 percent of the total.

Commercial Credit Company, Control Data's financial services subsidiary based in Baltimore, Maryland, has assets exceeding $4 billion. It's principal activities are business and personal loans, insurance and leasing.

BACKGROUND OF PROJECTS

Control Data's decision to locate plants in economically disadvantaged communities was the result of two parallel motivations. First, the need for added capacity to respond to growth needs at that time. Second, the recognition of the corporation's responsibilities to society. Knowing that jobs had to be created somewhere to meet the needs of the business and recognizing the frustration of poor, urban residents, particularly racial minorities, led to the conclusion that both objectives might be accomplished together.

There was another important factor. Since its inception, Control Data has been committed to equal employment opportunity, but was dissatisfied with the results of past efforts which involved attracting minorities to work at largely suburban plants. Even when obvious barriers such as transportation were overcome, substantial progress was not made. It was felt that a plant in the minority community would provide the best vehicle for tapping that underutilized human resource. Of equal importance was the role of such plants in establishing credibility in the minority community thus aiding the entire equal opportunity effort corporatewide.

Throughout its years of growth, Control Data had opened several new plants, mostly in small, rural towns throughout the Upper Midwest. This experience indicated that people totally unfamiliar with electronics could be trained and developed into a productive work force. That experience was most helpful. The challenge was to adapt the process to a totally different environment - the inner-city.

Three of the four locations were selected, largely for business reasons as opposed to picking cities with the greatest need for new jobs. (Campton, Kentucky is the exception; it was selected because it was in the second poorest county in the United States at that time). Management felt it important to launch the first plant, Northside, in its home community of Minneapolis where the need for employees and jobs was critical and there was proximity to the resources - business, technical and community - necessary for such a project. The second plant, Capital in Washington, D.C., was located to capitalize on the existing technical resource within Control Data already operating in the greater Washington area. The need for jobs in Washington, D.C. also was obvious. The Selby plant was located in St. Paul as a support to corporate printing operations. An important factor in each of these selections was to locate where support from other Control Data operations could be maximized.

Guiding Principles

Several principles were followed in preparing operational plans for these plants, particularly for the first one. These principles might be summarized as follows:

1. Business executives do not know everything they need to know to operate a plant in a new environment. Thus, local community leaders were relied upon for advice in eliminating barriers to employing the economically disadvantaged.

2. Real jobs should be provided. The inner-city plants should be more than just vestibule training centers or "back-up" plants. They must be given sole source responsibility for a standard product or product line that is key to the success of the entire enterprise. Further, no concessions (beyond those of a normal start-up effort) could be made in the cost, quality and schedule standards for the product assigned. This would instill the sense of pride and responsibility necessary for any organization to succeed. Full product responsibility would signal to the community, as well as to other Control Data operations, that management was serious in its endeavor and that all parties have a substantial stake in the plant's success. For employees of the inner-city plant, upward career mobility must be evident within the plant itself as well as in other local corporate operations.

3. Credibility must be established and maintained in the community. Not only should the ideas of community leaders be sought, many should be implemented even though they might depart dramatically from the corporation's past practices. Press releases and announcements concerning the new plant should be handled by the community leaders with corporate people there only to answer any detailed questions.

4. Past company procedures, particularly as they relate to selecting employees, should be questioned. In essence, a zero-base budgeting approach to employment procedures should be followed. This requires a shift in philosophy from one focusing on selection of the best person for each job to a philosophy which holds that most people can be trained to perform entry level jobs. In practice, this approach required a new and simplified application blank (one page vs the traditional four) and a completely revised interview procedure. The major selection criterion became economic need for the job.

5. Resources must be focused on the retention of employees. Training programs and operating procedures must recognize the unique nature of the employee population and adapt accordingly. Traditional skills training programs, as well as everyday written work instruction or drawings may need to be modified

to accommodate lower reading levels. More time should be allowed for both trainees and trainers to learn their tasks adequately. Beyond skills training, other types of training or group counseling activities may be necessary for people new to the world of work. Training of supervisors should be enhanced to aid them in their new environment. Other supportive services such as child day care should be implemented if necessary to improve retention. Employees must clearly understand the two-way relationship between themselves and their employer. Rights and responsibilities should be clearly outlined so everyone knows what is expected. Wages and benefits must be competitive with prevailing metropolitan area rates.

Perhaps most important is the commitment and attention that top management gives to the project. In such an effort, management sometimes can be perceived as having set contradictory objectives. This can lead to conflict among members of the implementation team who by background and experience may lean more toward typical production objectives than the more sociological objectives of this kind of undertaking. Top management must continually exhibit its unwavering commitment as well as establish and support an environment that will encourage new solutions for newly encountered problems in an atmosphere that rewards creativity and perserverance without condemning failure.

Financing

Control Data's management recognized that to establish and operate plants in the inner-city would require resources -- both financial and human -- beyond those required in other locations, although data was available to indicate the extent of extraordinary resources required. Two sources of support were identified. One was the federal government which was beginning to make some funds available for manpower training programs in urban communities. This resource was utilized, though perhaps not maximized, in launching both the Northside and Capital plants.

The second source was Control Data's own social responsibility budget, more typically defined in other major corporations as the contributions budget. As noted earlier, one of the major motivations in launching the inner-city plant effort was that of social responsibility. Control Data felt it could help solve a major social problem by taking meaningful job and career opportunities to inner-city residents. This capability existed within Control Data at that time by virtue of its business needs for expansion and its ability to train people. Management reasoned that for this particular problem it was uniquely able to help. They further reasoned that a major corporation such as Control Data is rightfully expected to

allocate some of its resources toward the solution of social problems. This typically takes the form of cash contributions from corporations or their foundations to non-profit agencies engaged in various social programs in areas such as civic affairs, education, culture, and health and welfare. Management chose to focus its social responsibility resource on the particular problem of inner-city unemployment, accepting that it would therefore be unable to respond significantly to other social needs. Further, the medium of social responsiveness was expanded beyond pure cash contributions to include extraordinary business expenditures for the initial phases of the inner-city effort. This produces a difference in tax treatment (business expense vs. charitable contribution), but the impact on the corporation is virtually identical. The approach, therefore, assumes some level of social responsibility investment is expected from every corporation, but that each corporation should carefully analyze where it can make its greatest contribution by virtue of its unique capabilities.

Throughout the early years of the inner-city plants, operating losses resulting from their unique circumstances were offset at the operating level by classifying them within the corporation as social responsibility expenditures. Operating executives typically submitted forecasts of next year's losses in the inner-city plants which could be directly attributable to their unique nature. These requests were reviewed by the corporate social responsibility committee in a manner similar to how it would review a request from an outside non-profit organization. These estimates were then consolidated with other social responsibility efforts (including some cash contributions) for presentation to top management and the board of directors. Meanwhile, requests from outside organizations for substantial contributions were denied or trimmed drastically after explaining Control Data's priorities for its social responsibility investments.

PLANT OPERATIONS

Northside Plant

The Northside plant was opened in January, 1968 in 17,000 square feet of leased space in the near north part of Minneapolis. In February, 1969, operations were moved into a new 90,000 square foot plant. Since this was our first such plant, a great deal of effort went into its planning and implementation. Several kinds of unique supportive services were established. Many of these were brought into the other three plants where their need was confirmed by experience or where community services had to be supplemented. Northside utilized a Test Cities' federal contract of $1.077 million to train 270 of its new hires.

Northside has retained responsibility for total production of peripheral controllers in addition to other assembly tasks. It also operates the most extensive sheet metal fabrication shop within Control Data. With full product responsibility, a wide range of job skills are required for entry-level electronic assembly, technician work and various support and supervisory functions. While current employment is approximately 225, the plant has more typically operated at 300 - 350 people. In late 1969, it peaked at an employment of 430. Throughout its history, Northside has retained its commitment to maintain plant minority population at least equal to that of its immediate community. Currently the plant is 48% minority compared to the community's 20%. Annual employee turnover has stabilized considerably since its early days and now runs well under the rate experienced for all Control Data production employees nationwide.

Northside's efficiency and productivity compare very favorably to the plant most like Northside in terms of work to be performed -- Rapid City, South Dakota. Total plant efficiency is slightly lower at Northside, but productivity is higher (see definitions - Appendix A). The wage and salary rates paid at Northside are identical to those paid to all other Twin City Control Data employees in similar job classifications.

Extraordinary costs associated with Northside start-up totalled $2.297 million, $1.077 from the Test Cities contract and $1.220 from Control Data. In total, an estimated 770 people were trained and employed, yielding an extraordinary cost per job of $2979.

Appendix A provides more details on the Northside plant.

Capital Plant

Drawing heavily upon the experiences and initial success of Northside, the Capital plant was opened in February, 1969 in nearly 30,000 square feet of leased space in the Northeast One section of Washington, D.C. Despite a good start in terms of both community acceptance and dedicated product, it has been the least successful of the four plants. This is due largely to the absence of dedicated product over the long term. The original product, a card reading device, became obsolete nearly two years later. In order to keep its community commitment, Control Data scheduled a variety of short-term subassemblies into Capital simply to provide jobs and avoid shutdown. The long-term recovery plan was to schedule production work for the electronic fare collection system of the Washington subway system into Capital. Control Data had earlier obtained the contract for the development of the system, which usually indicates a high probability of receiving the production contract. Unfortunately, the production contract did not follow as planned in 1974 and Capital is still surviving on piecemeal work. (Control Data and the Washington Metropolitan Area Transit Authority (WMATA) are currently in litigation over the contract award). Had the WMATA contract been obtained, Capital employee population would have been approximately 250 today vs. the actual of 98. A new 90,000 square foot building was completed in early 1975, in expectation of the WMATA job.

All employees in the current work force of 98 people are racial minorities, predominantly Black. The city of Washington's minority population is approximately 72%. Wage rates are consistent with prevailing Washington area rates. Turnover is excessive largely due to the instability of work provided. Efficiency and productivity measures at Capital are far below those of its most closely comparable plant, Redwood Falls, Minnesota. Unlike Northside, Capital has yet to have a profitable year. Management is convinced this is due largely to the lack of product stability and is making an aggressive effort to remedy the situation.

Extraordinary costs totalled $4.739 million over eight years, including $376,000 for an MA-4 contract in 1969 to train 101 employees. An estimated 250 people were trained and employed over this period yielding an extraordinary cost per job of nearly $19,000. Had the WMATA production contract materialized, cost per job would have been $13,576.

Details are provided in Appendix B.

Campton Plant

Following the initial success of its first two efforts, Control

Data management sought to apply its concept in a rural poverty setting. Wolfe County, Kentucky with Campton as its county seat, was deliberately targeted since it had the second lowest per capita income in the United States (Number one was a very remote county in Alaska). It too was given major product line responsibility -- high speed printers. Campton has been a success since its inception. Housed in a 30,000 square foot facility, it currently employs 168 people generating an annual payroll of over $1.2 million. Employee turnover runs well below the national average and productivity and efficiency are at virtually 100%. Consistent with local labor market conditions, wage rates at Campton are approximately 20% below the Washington, D.C. area and 40% below the Twin Cities.

No extraordinary costs from either the government or Control Data have been experienced throughout Campton's history.

Details are provided in Appendix C.

Selby Plant

The Selby operation was begun in early 1970 in a renovated bowling alley in the distressed Selby-Dale area of St. Paul. While its reasons for being were similar, it had two unique features. First, it did not perform electronic assembly work or have an assigned product line. However, it did perform the important function of assembling and distributing the thousands of hardware and software manuals to Control Data customers all over the world. In addition, it performed the distribution of other types of corporate mailings such as shareholder reports, employee publications, etc. This service was previously purchased from outside vendors at a cost nearly double Selby's. As a result, the establishment and operation of Selby not only avoided extraordinary cost for Control Data, but actually saved money. In 1973, Selby began selling its services to other businesses and government agencies thus generating outside revenue. Total business volume (internal and external) approaches $500,000 per year -- seven million pieces of paper per month.

Selby's second unique feature was its work force, made up entirely of part-time employees except for the few supervisory staff. The production work force, currently totalling 131 people, is made up of two groups. Approximately half are mothers with school-age children who work from 8:30 a.m. to 2:30 p.m., permitting them to be with their children immediately before and after school and avoiding day care problems. The other half consists primarily of students, either high school or trade school, who work from 2:30 p.m. to 6:00 p.m. to supplement the family income or to put themselves through school.

Selby's employee population is 94% minority. Annual turnover is approximately 20% -- quite low for part-time employees.

Selby takes pride in serving as a springboard for its employees into other, higher skilled, higher paying jobs. Nearly 150 such placements have been achieved. A study conducted from 1970 through 1973 indicated Selby's efforts had saved $225,000 in local welfare costs. Data necessary to project savings to a more current date is not available, but they are estimated to be several times that amount.

Details are provided in Appendix D.

Summary and Perspective

Together the four plants employed 628 people as of September, 1976. Their populations have been higher, peaking in 1974 at 916. The decline in their employment is no reflection on the plants. Rather, it is a result of a dramatic decline in Control Data's total employment, particularly production jobs - a phenomenon common to the rapid change in technology within our industry. In fact, total production employment has dropped within Control Data by over 21% since January, 1973 while the four plants described here have declined by only 15%.

Together these plants generate an annual payroll of over $5.2 million into their communities. This, in itself, is a substantial impact, but it is dwarfed by the other economic activity generated as the result of these payrolls. With a base of employment, communities such as these support merchants, contractors, bankers and others who provide the goods and services demanded.

The inner-city plant efforts have been helpful to Control Data in achieving its affirmative action employment objectives. Certainly the location of the plants themselves have permitted the employment of many minorities who would not otherwise have come to Control Data. Of much greater significance, however, is the impact of this effort upon the corporation's affirmative action effort nationwide. Since 1968, minority population has grown from 4% to its current 11.4% -- results due largely to a well planned and aggressively conducted affirmative action program in all Control Data operations. The impact of these plants has been significant in demonstrating Control Data's commitment to concerned applicants and employees both white and black.

As noted earlier, two of the plants experienced normal growth to full productivity and required no extraordinary expense on the part of either the government or Control Data. In fact, strong arguments can be made that both operations produced significant savings to both the government and Control Data. In these cases, Control Data's contribution was the creativity and bold commitment which made them become realities.

In the case of two other plants, extraordinary expense was involved - at Northside nearly $3,000 per person trained and at Capital, where Murphy's Law* prevailed, nearly $19,000 per person trained. Some sources indicate that government-operated programs aimed at similar objectives experienced costs per trainee of over $25,000. However, this comparison has not been thoroughly researched by Control Data and, as a result, conclusive comparisons cannot be made.

*Murphy's Law - In a given situation, everything that could possibly go wrong, will.

OBSERVATIONS AND RECOMMENDATIONS

Having experienced the creation of meaningful job opportunities for inner-city residents, Control Data feels it can legitimately make several observations about what seems to work in such endeavors. Since the intended readers of this paper are charged with the responsibility to make recommendations for government policy designed to attract private enterprise to urban areas, the perspective of a large corporation with experience in this endeavor may be of value. We think:

1. First and foremost, manufacturing plants located in urban, depressed areas can be as productive as plants located elsewhere. Many ingredients are required but of primary importance are (1) the long-term availability of a product line upon which the plant's efficiency can develop and (2) the willingness to utilize non-traditional approaches to start-up and operation.

2. The effort probably requires a large multi-plant employer in order to have the flexibility to make the effort succeed. This flexibility includes the ability to decide among several plants during economic downturns and the staying power - both economic and production - to wait out the plant maturation process.

3. Normal corporate guidelines for plant investment are not adequate. Before profitability is achieved, the company's share of initial extraordinary costs can properly be viewed as investments of a social responsibility nature in lieu of cash giving.

4. Government support is also needed and it could take several forms including:

   a. Direct support of such extraordinary costs as manpower training.
   b. Support of services such as day care, legal aid, etc. upon which the company and its community employees can rely.
   c. Preferential treatment for such plants on government contracts much like the current program for minority-owned businesses.
   d. Support of such plants in economic downturns.
   e. Government-guaranteed low-interest loans.

5. As opposed to a blanket approach through general legislation, a carefully focused effort should be utilized in seeking corporations to establish operations in urban depressed areas. The primary criterion should be the company's need for

expansion of plant capacity. Companies not meeting this criterion should be ruled out despite the government's ability to encourage their participation using other means such as the loss of existing government contracts.

6. In order to attract business to create enough jobs in the target areas, it probably will be necessary to provide the incentive of profit opportunities. Federal leadership in assuring responsive state and local government would also be beneficial.

7. Experience indicates these efforts provide an excellent opportunity to utilize minority-owned firms for building construction and providing on-going services.

8. The normal cumbersome bureaucratic interface between government and business must be avoided. The relationship should more closely approximate that between a banking institution and one seeking a loan.

9. No definitive body of knowledge exists for implementing these efforts. Therefore, any undertaking must have room for experimentation to provide adequate learning opportunities.

COOPER INDUSTRIES

ROBERT CIZIK
President

December 1, 1977

U. S. House of Representatives
Subcommittee on the City
Committee on Banking, Finance
and Urban Affairs
604 House Office Building, Annex 1
Washington, D. C. 20515

Attn: The Honorable Henry B. Reuss, Chairman

Dear Mr. Chairman:

Thank you for your letter of October 27 regarding the plight of central cities and the Subcommittee's work in considering proposals to aid city economies. I hope the following information will be of help to you.

Cooper Industries is a manufacturing company engaged in three lines of business -- the manufacture of engines and compression equipment for the oil and gas industry; the manufacture of hand tools such as pliers, wrenches, files saws, screwdrivers, and measuring tapes; and the overhaul and repair of jet aircraft engines. Because our manufacturing operations are of a "heavy industry" nature, they are, as indicated in your letter, inappropriate for central city locations. Indeed, the majority of our operations, and around two-thirds of our U.S. employees, are located in or on the outskirts of smaller communities.

One of our major lines of business - aircraft services - is located in Dallas, Texas, where we employ around 2,000 persons, comprising almost 20% of our work force in this country. However, our plant operations in Dallas are located in the Love Field airport area rather than in the downtown area.

We also have a number of non-manufacturing operations in major metropolitan areas. Our corporate headquarters is

COOPER INDUSTRIES, INC./TWO HOUSTON CENTER/SUITE 2700/HOUSTON, TEXAS 77002/(713) 654-4451

located in downtown Houston. We also have warehouse and parts distribution facilities, as well as sales offices, located in New York, Dallas, Ft. Worth, Los Angeles, Chicago, Atlanta, Detroit, Kansas City, St. Louis, New Orleans, Philadelphia and Tulsa. Most of these operations employ a relatively small number of persons compared to our manufacturing facilities. We hope, of course, to expand these operations if customer demand for our products and services grows.

Since we are a "heavy industry" company we would generally not consider a central city location as the appropriate area in which to build a plant. I concur with you that distribution and warehouse centers, light manufacturing facilities, service industries, and executive, sales and administrative offices are more suitable for central city locations. I believe that business operations of this type can best be attracted to such locations through efforts generated at the local level, since civic and community leaders attuned to the community's resources and needs and attuned to the needs of the businesses the community is trying to draw will best be able to devise the programs and incentives required.

Sincerely,

Robert Cizik

23-313 O - 78 - 9

CUTLER / HAMMER, INC.

4201 NORTH 27TH STREET MILWAUKEE, WISCONSIN 53216

November 28, 1977

The Honorable Henry S. Reuss
Chairman
Subcommittee on the City
Committee on Banking, Finance and
Urban Affairs
U.S. House of Representatives
Washington, D.C. 20515

Dear Henry:

I have your letter which expresses the concern of your subcommittee for the plight of our central cities and appreciate your invitation to contribute Cutler-Hammer's views.

We have a total of 31 plants and laboratories in the United States, a few of which are located in central cities. In fact, as you well know since they are in your district, our corporate headquarters and our two plants in Milwaukee are in what could be termed the central city.

Decisions on changes in the size or location of any of our plants are wholly economic, and usually have no relationship to whether or not they are located in central cities. Principal factors are:

(1) Our ability to produce and sell the products manufactured in the facility at a reasonable profit. This is usually a matter of the economic environment for the whole metropolitan area--not just the central city. High

operating costs--especially wages and taxes--can make it impossible to meet competition which may operate in a lower cost environment.

(2) Adequacy of the existing facility, and the ability to economically expand or replace the facility if increased capacity is required.

(3) Our ability to attract qualified employees who are able and willing to make a meaningful long-term contribution to the success of the company, and/or are able and willing to be trained to make such a contribution.

(4) Existence of a neighborhood environment which is safe and reasonably pleasant for employees, including the availability of adequate space for parking.

Government policies which continually escalate taxes on business, which regulate business excessively, and which pressure businesses to take uneconomic actions in the name of social progress are among the kinds of government actions which can and do drive businesses away from areas, causing them to seek such relief as they can find elsewhere. Conversely, government policies which are reasonably stable, undiscriminatory to business, leave business free to pursue its economic activities in the competitive market

place and, perhaps, offer tax incentives for meeting capital investment and/or other socially desirable objectives usually will encourage businessmen to develop their enterprises to the optimum degree.

In regard to the latter point, I believe it is important for all Congressmen and Senators to understand the significantly useful tool they have available to them when they use incentives rather than coercion to achieve social goals via the economic sector of society. Business tends to view coercive social legislation as harassment. Cooperation, thus, is minimal and only as effective as centralized planning in the legislative process can make it--which usually is not very great. On the other hand, tax incentives to business to achieve social goals can unleash on a problem the diverse creativity of the multi-faceted competitive enterprise system. Businessmen will see participation as in their own best interests. They will not see themselves as carrying the burden for the rest of society.

Such a mechanism not only can be very cost effective because of the diversity and creativity brought to bear on the problem, but also because it would tend to minimize the buildup of a bureaucracy for enforcement purposes. Perhaps most significant, it would place the cost of achieving social goals on the government, where it belongs, while leaving the private sector free to pursue the economic growth which is essential if the social objectives are to be achieved on a sustainable, long-term basis. There is substantial evidence in our country

today that coercive social legislation is beginning to have a stultifying effect on economic development.

I hope the foregoing observations are of some help to you and your associates on the Subcommittee on the City. Please let me know if I can be of further assistance.

Sincerely,

E. B. Fitzgerald
Chairman

DEERE & COMPANY

JOHN DEERE ROAD, MOLINE, ILLINOIS 61265

Law Department

21 December 1977

The Honorable Henry S. Reuss
Chairman, Subcommittee on the City
Committee on Banking, Financing & Urban Affairs
604 House Office Building, Annex 1
Washington, D.C. 20515

Dear Congressman Reuss:

This letter is in response to your letter of 27 October to Mr. William Hewitt, Chief Executive Officer of Deere & Company, requesting information concerning operations of our company vis-a-vis the nation's central cities.

Based on discussion with subcommittee staff we have defined "central city" by using the U.S. Bureau of the Census definition of a city or group of cities, at least 50,000 in population which forms the hub of a Standard Metropolitan Statistical Area, but have excluded areas that are suburban or remote from the downtown area.

1. Our total U.S. work force now numbers approximately 45,000 employees. Those operations which may be considered to be in central cities according to the above definition and their approximate number of employees are the following:

Home office employees, Moline & East Moline, IL	800
Tractor Works, Waterloo, IA	11,600
Plow-Planter Works, Moline, IL	3,200
Harvester Works, East Moline, IL	4,250
Foundry, Silvis, IL	1,150
Sales Branches, or sub-branches in -	
Columbus, OH	350
Dallas, TX	250
East Moline, IL	400
Kansas City, MO	550
Memphis, TN	350
Omaha, NE	500
Portland, OR	50
Industrial Equipment Sales Region, Moline, IL	200
TOTAL	24,250

2. There will be moderate expansion at the Waterloo downtown site in the next five years. Development of a new manufacturing operation on the northeastern edge of the community will employ a significant number of additional persons. While not in the downtown are, it is

within one-half mile of the neighborhood where many of the community's minority residents live. We do not plan any contractions in the manufacturing facilities we have in central cities.

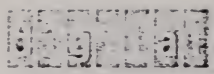
Sales branch offices in Dallas, Kansas City and Memphis will be moved from more central city locations to outlying areas in these metropolitan communities. The chief reason for such moves is the need to expand these facilities. Outlying sites were chosen because about 40 acres of land is required. Such tracts are normally not available in an inner city setting. Deere manufactures and sells farm and industrial equipment which are large in size. Transport from the sales branch warehouses requires considerable heavy truck traffic. This is increasingly less acceptable for inner city neighborhoods. Moreover, many dealers and farmers want to come personnaly to pick up their items and prefer not to come into, or cross through heavy traffic areas for this purpose.

3. Regardless of education, training or previous work experience, all new employees are given on the job training so as to enhance their ability to succeed at their new position. All units of Deere & Company actively work with the local state employment agencies in listing all employment openings in order for the agency to initiate qualified referrals in a timely manner. Deere & Company is a federal contractor and has Affirmative Action Programs at each location for employment of minorities and females; handicapped and veterans. The programs are designed for employment of members of the protected classes and are also used for employment of the unemployed in the Central Cities. All of our major operations are located in areas which have extensive vocational training programs in high school, community colleges, and adult night school.

4. Governmental policies have not been the major consideration in the location of our plant or sales branch sites. Therefore, government policies by and large have not discouraged central city site selection, nor could we easily cite new policies which would encourage central city selection or continuance. We do look at the tax structure of a state or community when deciding where to locate. New environmental rules may make manufacturing expansion in inner city locations difficult.

Sincerely,

Robert L. Anderson



28 November 1977

U. S. House of Representatives
Subcommittee on the City
Committee on Banking, Finance, and Urban Affairs
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Sirs and Mesdames:

Digital Equipment Corporation realizes the problems associated with many urban areas. One of our primary concerns is the high unemployment usually found in these locations. With the intent of helping to reduce unemployment and locate qualified people for our company, we have begun a number of programs with public sector training agencies including CETA Skills Centers and school systems.

Presently, Digital has central city manufacturing plants located in Springfield, Massachusetts; Phoenix, Arizona; and Albuquerque, New Mexico. We have recently announced plans to open a new manufacturing facility in Boston, Massachusetts.

Our manufacturing group works with the following organizations in the design and implementation of programs to provide training for the unemployed in the following locations:

Boston, Massachusetts

-Opportunities Industrialization Center (OIC)
Design and development of a technical course of study to produce qualified Computer Electronics Technicians for industry.

-Roxbury Community College
Development and instruction for a two year Associates Degree curriculum in Electronics Technology.

-Boston Indian Council
Development and instruction of a skills intensive training program for the inner city Native American population.

-Boston Marine Industrial Park
City of Boston CETA Training Center. Actively participate as a curriculum advisor in technical courses.

DIGITAL EQUIPMENT CORPORATION, 146 MAIN STREET, MAYNARD MASSACHUSETTS 01754
(617)897-5111 TWX 710-347-0212 TELEX: 94-8457

Springfield, Massachusetts

-Hampden District Regional Skills Center (CETA Springfield)
Assist in curriculum development and implementation of the Electronic Bench Assembler and Computer Electronic Technician courses.

-Springfield School Department
Project JESI is an alternative school for high school dropouts. The "school" develops occupational skills which lead to employment.

Project JESTA is a program to impart entry level job skills to slow learners.

Digital was involved in the development and is involved in the ongoing operations of both of these programs.

Phoenix, Arizona

-Maricopa County Skills Center
Influence the development and implementation of a training program for Electronic Assemblers.

Albuquerque, New Mexico

-Albuquerque Skill Center, Albuquerque Technical Vocational Institute
Assist the CETA training agency in the restructuring and modernizations of the Electronic Assembler and Electronic Technician programs.

We feel it is most important to move in a strong, positive direction to alleviate many problems caused by high unemployment in crowded urban areas. Digital has a commitment to this goal.

Sincerely,

John L. Sims

John L. Sims
Manager
Corporate Manufacturing Employee Relations

DRESSER INDUSTRIES, INC. • DRESSER BUILDING • ELM AT LEARD • DALLAS, TEXAS 75221

JOHN V. JAMES
CHAIRMAN OF THE BOARD,
PRESIDENT AND
CHIEF EXECUTIVE OFFICER.

(214) 748-8001
EXECUTIVE OFFICES

November 29, 1977

Congressman Henry S. Reuss
U. S. House of Representatives
604 House Office Building
Annex 1
Washington, D. C. 20515

Dear Congressman Reuss:

Thank you for the recent Committee on Banking, Finance and Urban Affairs inquiry regarding central cities and the unemployed. We appreciate the Committee's interest in developing means of revitalizing urban economics by increasing the number of jobs available for the unemployed.

We have operations in several metropolitan areas of the United States, as well as in many smaller cities, towns, and rural areas. Metropolitan-based facilities employing larger numbers of persons include Baltimore, Maryland; Dallas and Houston, Texas; Columbus, Ohio; Depew, New York; Los Angeles, California; and Chicago, Illinois. Of our total workforce in the United States, approximately 20 percent, or 7,750, of our employees work in these metropolitan areas.

Several of these larger operations actively participate in employment and training programs such as HIRE and JOBS, as well as a variety of local and state programs directed at reducing unemployment among minorities and the economically disadvantaged. The extent of our participation depends, of course, upon the employment needs of the individual facility.

The expansion and modernization of any of our operations, including those located in metropolitan areas, depends

upon a variety of factors. Return on investment is of principal importance, of course. We also take into account the availability of trained or trainable personnel possessing the skills and abilities necessary for productive operation, the immediate community with respect to housing, schools, and similar facilities of importance to attracting or retaining employees and their families at that location, and the general environment or business climate.

Other factors include the availability of city services, fire and police protection, the local tax structure, industry development programs, and unemployment compensation costs. New Government policies in any area that make it more economical to operate will always be welcome as plant expansion is considered.

Thank you again for contacting us. If amplification of these brief remarks would be helpful in your deliberations, please let me know.

Sincerely,

J. r James

DU PONT
ESTABLISHED 1802
E. I. DU PONT DE NEMOURS & COMPANY
INCORPORATED
WILMINGTON, DELAWARE 19898

CHAIRMAN OF THE BOARD

November 10, 1977

The Honorable Henry S. Reuss
Chairman, Subcommittee on The City
Committee on Banking, Finance and Urban Affairs
U. S. House of Representatives
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Mr. Reuss:

I am pleased to respond to your Committee letter of October 27, 1977, concerning the plight of our central cities and their unemployed.

As I am sure you recognize, the term "central city location" is not an exact term and we trust you will accept the numbers we supply as approximations. Responding specifically to the numbered questions in your letter, we would comment as follows:

1. We have executive offices, sales offices, warehouses, research centers, or manufacturing plants in some ten central cities. The total personnel in these locatio approximate 16,500 and represent 15% of our total employment in the United States. One-half of these people are employed by Du Pont in the central city of Wilmington, Delaware.

2. We would expect these operations to remain reasonably stable in the next five years but some plant employment decline is possible. This decline, if it were to take place, would be related to market conditions with respect to the products being manufactured at these plants.

3. Du Pont has been actively involved since 1968 in various activities relating to the efforts of the National Alliance of Businessmen to provide gainful employment to the Nation's economically disadvantaged In addition to over 7500 hires of disadvantaged individuals, loans of key personnel and office equipment have been made in a variety of situations to NAB offices throughout the United States.

The Opportunities Industrialization Centers (OIC) throughout the Nation concentrate their efforts on training inner city individuals for employment--and Du Pont has long supported this organization, both financially and through manpower resources.

4. Regarding those factors which discourage a manufacturer from maintaining or locating operations in central cities, I am taking the liberty of attaching to this letter a report of the task force on municipalities produced by the Business Roundtable last year. This report outlines problem situations related to such items as declining tax bases, increasing crime, environmental problems, inadequate mass transportation systems, deteriorating school systems, and the threat of fiscal insolvency. It further suggests how business may assist municipalities with these problems.

With respect to policies which the Federal Government might adopt to encourage industrial location or expansion in central cities, we would suggest that tax incentives such as a special investment credit receive priority consideration. State government should likewise examine its taxing policies to eliminate to the extent feasible any tax disadvantage which accrues to industries locating in central cities. We should point out, however, that there are many cases in which the location of heavy manufacturing facilities in heavily populated areas is undesirable, even impractical.

We trust these suggestions and those of others you receive prove fruitful to you in the important effort you are conducting.

Sincerely,

Irving S. Shapiro

December 2, 1977

The Honorable Henry S. Reuss, Chairman
U. S. House of Representatives
Subcommittee on the City Committee on
Banking, Finance, and Urban Affairs
of the Ninety-Fifth Congress
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Congressman Reuss:

Your letter of October 27 concerning "the plight of our central cities and their unemployed" has been referred to this office for reply. Our delay in responding has come about because we have been considering how best to respond in some meaningful way.

First of all, our experience would seem to indicate that the problems of revival of the central city and of unemployment probably are unrelated in most cases. Building a plant next door to an unemployed person does not necessarily mean that that person suddenly becomes employed. In other words, unemployment generally is due to factors other than close proximity of employment.

In the case of Kodak our headquarters and our main manufacturing unit are and have been for many years quite accessible to the central city. Over the years, as those operations grew to the present approximately 50,000 employees (out of a U. S. total of about 80,000), the central city decayed and is being revived, and unemployment in the inner city has increased.

It would seem to us that there are two dimensions to the problem of urban unemployment:

1. Jobs become available only if business expands, and business expansion depends on its ability to generate profits to pay for expansion. Governmental policies to encourage business expansion are the best cure for unemployment. But this does not mean a job credit plan, because business adds people only as it needs them for its business--not to gain job credits.

2. Jobs are available only to those who either are qualified or who can become qualified to fill those jobs, not just those who live nearby.

EASTMAN KODAK COMPANY · 343 STATE STREET · ROCHESTER, NEW YORK 14650 · 716 325-2000

In our case, we have training for a certain number of people but obviously this is for only a limited percentage of the hirees, if the training includes such basics as reading, etc. rather than just the skills peculiar to that job. We also have participated in various public/private programs such as World of Work and Rochester Jobs, Inc.

We also are involved in urban revival efforts, both for downtown and in an inner city quadrant including our headquarters.

Out of all of these efforts, one fact seems to emerge. The solution to the problems must be a joint undertaking of government, business, and people if it really is to succeed. Efforts by any one, without the others, merely leads to wasting money. And the solutions are not always the same. Therefore, rules which do not permit the exercise of local judgment are counterproductive. Government should set goals on what it wants done and safeguards to ensure that funds spent are consistent with the desired goals. But too much time and effort is spent on trying to impose outside direction on how to accomplish the objectives.

We hope that these remarks may be helpful.

Yours very truly,

George W. Petersen
Assistant Vice President
Director, Government and Public Affairs

Eaton Corporation
Corporate Offices
100 Erieview Plaza
Cleveland, Ohio 44114
Telephone (216) 523-5000

November 30, 1977

Henry S. Reuss, Chairman
U.S. House of Representatives
Subcommittee on the City
Committee on Banking, Finance and Urban Affairs
of the Ninety-Fifth Congress
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Mr. Reuss:

EATON

Mr. de Windt has passed along your letter of October 27 for action.

At the present time, we have only 3 operations located in Cleveland's central area. They are listed below with the number of people employed at each.

Axle Division, 739 East 140th Street	1,055
Industrial Drives, 9919 Clinton Road	343
Industrial Drives, 3249 East 80th Street	355

There are no specific plans to either expand or contract these operations in the next 5 years. The future of these plants will depend on the success of their products they manufacture in the marketplace. Over the years, we have lost some central city plants because of product obsolescense, integration into customer operations and similar type business decisions.

We have been quite active in the recruitment of unemployed people in the central city. The results of our Affirmative Action Plans would indicate that activities such as those listed below have been very helpful. We recruit through the Urban League, Spanish American Committee, Ohio Bureau of Employment Services and Inroads. We have summer employment programs with the NAB Vocational Exploration Program and the Junior Achievement Summer Employment Program.

Existing federal, state and local governmental policies are not the major factors determining where we maintain or locate operations. As a general conclusion, we at Eaton feel the less red tape we have to endure, the easier it is to operate economically. We, as a general rule, operate our own training programs rather than participate in some of the federally sponsored programs just to eliminate the red tape.

If I can be of further help in your inquiry, please don't hesitate to contact me directly.

Very truly yours,

Malcolm Daisley

Malcolm Daisley
Vice President-Employee Relations

December 5, 1977

Honorable Henry S. Reuss, Chairman
Sub-Committee on the City
Committee on Banking, Finance
and Urban Affairs
U.S. House of Representatives
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Mr. Reuss:

I am writing in reply to your letter of October 27th to Mr. C. C. Garvin in which you expressed concern for the economic health of our central cities. We share your concern.

Exxon has 46,700 employees in the United States. Of this total 21,100, or about half, are working in major facilities located in or near large cities. A listing of these facilities and their employment levels is attached. The remainder of Exxon's employees in the United States are working in facilities located in smaller communities or in lesser branch offices across the United States.

The facilities listed in the attachment have been in existence for many years and represent mature business establishments. There are no immediate plans for substantial expansion or contraction of employment levels. It must be recognized, however, that manning levels at all of Exxon's facilities are determined by business needs which are continually reviewed and subject to change.

While recruitment of professional and managerial employees is a nationwide effort, employment of operating and maintenance persons as well as secretarial and clerical support staff is done from local labor markets. These employment programs reach into center city labor markets as part of the corporation's affirmative action commitment. Some indication of Exxon's success may be gauged by the fact that 3,000 non-professional employees were hired by Exxon in 1976. Of this total, 25% were from minority groups. A significant number of these new employees are assigned to operating units where a comprehensive apprenticeship program trains them to become processing unit operators or craftsmen such as welders, instrument technicians, electricians, pipefitters, etc.

EXXON CORPORATION • 1251 AVENUE OF THE AMERICAS, NEW YORK, N.Y. 10020

23-313 O - 78 - 10

Exxon's establishments located in or near city centers fall generally into two types: heavy industrial plants such as refineries or chemical plants; and office facilities. Site selection for heavy industrial plants is governed by such factors as proximity of markets or feedstock materials, shipping and transportation availability, acceptability of the establishment to the neighboring community, ecological concerns, and availability of a labor force.

Location of office facilities is subject to fewer criteria, opening a greater range of possible selections. Business costs, accessibility to airlines or other types of passenger transportation, and attractiveness of the location to new recruits and potential transfers are some of the factors considered. The latter factor is of increasing importance as life style is being seriously considered by many persons in accepting assignments.

I hope this information will be of value in your consideration of the center cities' plight.

Sincerely,

Attachment

EXXON CORPORATION
MAJOR FACILITIES LOCATED IN OR NEAR
CENTER CITIES

LOCATION	FACILITY	EMPLOYMENT
New York, New York	Exxon Corporation	
	Corporate Headquarters	2,000
	Exxon Company, USA	
	Northeast Region	
	Marketing Office	200
Bayonne/Linden, New Jersey	Exxon Company, USA	
	Bayway Refinery	2,000
	Exxon Chemical Company, USA	
	Bayway Chemicals Plant	700
	Exxon Research & Engineering Company	
	Linden Facility	1,200
Bala Cynwyd, Pennsylvania	Exxon Company, USA	
	Credit Card Center	400
Baltimore, Maryland	Exxon Company, USA	
	Eastern Region	
	Marketing Office	600
Charlotte, North Carolina	Exxon Company, USA	
	Southeastern Region	
	Marketing Office	600
Greensboro, North Carolina	Gilbarco	1,000
Coral Gables, Florida	Esso Inter-America	300
New Orleans, Louisiana	Exxon Company, USA	
	Southeast Division	
	Production Office	900
Baton Rouge, Louisiana	Exxon Company, USA	
	Baton Rouge Refinery	2,700
	Exxon Chemical Company, USA	
	Baton Rouge Chemicals Plant	1,800
Houston, Texas	Exxon Company, USA	
	Division Headquarters	2,900
	East Texas Production Division Office; Accounting and Credit Card Center	1,800
	Exxon Production Research Co.	900
	Exploration Data Processing Center	200
	Exxon Chemical Company, USA	
	Division Headquarters	500
	Houston Chemical Plant	100
	Esso Eastern	200
	Esso Exploration	100
	Total	21,100

EXXON CORPORATION
MAJOR FACILITIES LOCATED IN OR NEAR
CENTER CITIES

LOCATION	FACILITY	EMPLOYMENT
New York, New York	Exxon Corporation Corporate Headquarters	2,000
	Exxon Company, USA Northeast Region Marketing Office	200
Bayonne/Linden, New Jersey	Exxon Company, USA Bayway Refinery	2,000
	Exxon Chemical Company, USA Bayway Chemicals Plant	700
	Exxon Research & Engineering Company Linden Facility	1,200
Bala Cynwyd, Pennsylvania	Exxon Company, USA Credit Card Center	400
Baltimore, Maryland	Exxon Company, USA Eastern Region Marketing Office	600
Charlotte, North Carolina	Exxon Company, USA Southeastern Region Marketing Office	600
Greensboro, North Carolina	Gilbarco	1,000
Coral Gables, Florida	Esso Inter-America	300
New Orleans, Louisiana	Exxon Company, USA Southeast Division Production Office	900
Baton Rouge, Louisiana	Exxon Company, USA Baton Rouge Refinery	2,700
	Exxon Chemical Company, USA Baton Rouge Chemicals Plant	1,800
Houston, Texas	Exxon Company, USA Division Headquarters	2,900
	East Texas Production Division Office; Accounting and Credit Card Center	1,800
	Exxon Production Research Co.	900
	Exploration Data Processing Center	200
	Exxon Chemical Company, USA Division Headquarters	500
	Houston Chemical Plant	100
	Esso Eastern	200
	Esso Exploration	100
	Total	21,100

FAIRCHILD
CAMERA AND INSTRUMENT
CORPORATION

464 ELLIS STREET, MOUNTAIN VIEW, CALIFORNIA 94042 (415) 962-5011 CABLE FAIRSEMCO MOUNTAIN VIEW, CALIF

November 28, 1977

Mr. Henry S. Reuss, Chairman
Subcommittee on the City Committee
on Banking, Finance, and Urban Affairs
U.S. House of Representatives
604 House Office Building, Annex 1
Washington, D.C. 20515

Dear Mr. Reuss:

This is in reply to your letter of October 27, 1977, regarding unemployment problems in the central cities. We hope that this information will be helpful to you and your subcommittee:

1) Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?

   Response: Two of our facilities are located in central cities: (a) Fairchild Systems and Equipment Group, 1726 Technology Drive, San Jose, California, employing approximately 6.5% of our work force, and (b) Fairchild Semiconductor, 333 Western Avenue, South Portland, Maine, employing approximately 10.7% of our work force.

2) What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?

   Response: It is difficult to forecast employment levels over the next five years due to the cyclical nature of product demand and changing technology in the semiconductor industry. In general, we would anticipate expansion at both locations.

3) What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?

   Response: Fairchild presently participates in a number of programs aimed at recruiting and training the unemployed and underemployed. Among them are

   Opportunities Industrialization Centers (OIC)
   SER, Jobs for Progress
   National Alliance of Businessmen (NAB)
   Urban League.

4) Which existing federal, state or local policies, if any, discourage you from maintaining or locating operations in central cities? What new governmental policies would encourage you to maintain or locate operations in these areas?

Response: Our industry, semiconductors, involves a relatively new and expanding technology that has grown out of transistor research and development. Semiconductor manufacturing has required modern and special configurations in its buildings. Due to the employment of large numbers of people, we need adequate parking and facilities for shipping. We also require educational and training resources for the technical skills we utilize. Those suburban locations where most of our plants are situated more ideally meet these requirements than do the central cities. Governmental policies, in general, have not been at issue in these decisions.

Sincerely,

Warren J. Bowles

Warren J. Bowles
Vice President and Director
Industrial Relations

FEDERAL-MOGUL

Thomas F. Russell

Chairman and Chief Executive Officer

November 14, 1977

The Honorable Henry S. Reuss
U. S. House of Representatives
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Congressman Reuss:

We have one manufacturing plant and 42 warehouses located in central city locations. They employ 523 out of our 10,540 U. S. employees.

We have no plans to expand or contract these operations other than what is required to serve our customers, and we certainly expect that the demand for our products will continue to grow.

We have no job training activities specifically directed at the unemployed in central cities. Most of our recruitment is done by newspaper advertising, which is directed to the central city as well as the surrounding area emphasizing we are an equal opportunity employer.

In general, the cost of doing business is higher in central cities than in less populated areas. Contributing to these higher costs are such factors as:

1. Crime. Fear for personal safety, cost of vandalism and cost of providing expensive security measures all make it more difficult to conduct business in a central city. Much of this crime is committed by youths who can't find jobs -- (see paragraphs 8 and 9 below).

2. Taxes. Central city taxes are generally higher than smaller cities.

3. Utilities. Utility costs are generally higher.

P. O. Box 1966 Detroit, Michigan 48235
Area Code (313) 354-1800

4. Land costs are usually higher, but even more critical is the lack of land on which to expand due to development of surrounding areas.

5. Unsympathetic central city governments. We find that local governments of large cities do not appear to want manufacturing jobs whereas smaller cities are in keen competition with each other to attract plants like ours.

6. Work disincentives. Extremely liberal welfare and unemployment benefits encourage people to avoid work. Here in Michigan we are required to pay unemployment benefits to employees who voluntarily quit. This coupled with the high benefit level encourages some people to quit work and stay on unemployment as long as possible.

7. Although our company pays wages in excess of the minimum wage, I do feel that many employers, especially smaller companies would employ more people if they were not required to pay the higher minimum wage. I'm sure many people would rather work at wages below the minimum than to be unemployed. Therefore, I suggest that the exemption from paying the minimum wage be increased from the present level of gross revenues to a level of at least $3,000,000.

8. I was disappointed that Congress turned its back on youths seeking summer or part time jobs by rejecting a lower minimum wage for youths, which as you know, will increase dramatically over the next few years. Many employers could provide jobs over and above the permanent jobs now provided if they weren't required to pay the full minimum wage particularly in the inner city.

9. By the same token, I feel that youths who seek summer or part time jobs should not be required

to join unions which require them to pay union initiation fees and dues and further require the employer to pay the union wage rates. I understand that here in Detroit, high school students who wish to work in major food markets as a "bagger" must join the union, pay an initiation fee of $50, plus $10 per month in dues. The union contract also requires the employer to pay wages in excess of three dollars per hour. The same rules apply to students wishing to be stock clerks, except that the beginning union scale is over $4.00 per hour and ranges up to about $6.00 after 18 months of part time service. I certainly recommend that your committee consult with the unions that represent employers who can provide summer or part time jobs and see if the union won't forego the union fees and insistence on excessive wages that denies youths jobs.

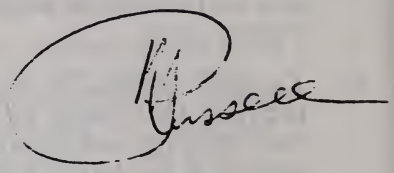
10. Another serious problem in hiring youths today is that many of them are being pushed through high school and graduated without attaining the basic essential skills needed to hold even a simple clerical or semi-skilled job. I think local school authorities should insist on minimum levels of proficiency before a student is awarded a diploma. I realize youths cannot be kept in school beyond certain age levels, but I think it is wrong to issue diplomas to students who have not attained minimum requirements. Perhaps insisting on minimum requirements will provide an incentive for the student to improve his education.

I agree with you that the high unemployment rate in our central cities, especially among our youth, is a very serious problem and that we who are in the private sector must be as concerned as you who are in government. In

fact, I feel that the best way to solve the problem is to promote a healthy growing economy that generates a need for more jobs -- jobs that have a genuine purpose.

I commend you and your committee in your efforts to solve this problem, and I appreciate your asking me for my opinions. I sincerely believe that it will require the cooperative efforts of Management, Labor and the Government to solve the problem.

Sincerely,



Will Scott
Vice President
North American Governmental Affairs

Ford Motor Company
The American Road
Dearborn, Michigan 48121

January 16, 1978

Subcommittee on the City Committee
on Banking, Finance and Urban Affairs
U.S. House of Representatives
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Congressmen:

This is in response to your October 27 letter to Mr. Henry Ford II regarding employment in central cities and related Federal, state and local government policies. We are pleased to provide the information you have requested and hope it will be helpful in your consideration of employment problems of central cities.

Your questions and our responses follow:

1. Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?

In addressing this question, we define "central cities" as incorporated communities with levels of urban development and densities ordinarily associated with larger cities. In all cases, we have considered the largest city in a metropolitan area to be the central city. Most of these cities have population in excess of 100,000.

Salaried and hourly employment at Ford's facilities has been classified according to location in or within commuting distances of such cities throughout the U.S. The results are as follows:

Location of Ford Operations	Employment			
	Hourly	Salaried	Total	Percent
Within City Limits of Central Cities	20,879	5,890	26,769	12%
0-25 Miles From City Limits	118,772	49,695	168,467	77%
25-50 Miles From City Limits	17,608	3,983	21,591	10%
Other Locations	1,191	1,189	2,380	1%
Totals	158,450	60,757	219,207	100%

~ Of Ford's total December, 1976 U.S. employment,* 12% is located within central cities, an additional 77% is within 25 mile commuting distance of central city limits, 10% is within 25 to 50 miles and 1% is in other locations. The absolute employment figures are 26,769 within central cities, an additional 168,467 within 25 miles of central city limits and 21,591 within 26 to 50 miles of such limits, and 2,380 at other locations.

Accordingly, 89% (195,236) of Ford's total U.S. employment is located either in or within 25 mile commuting distance of city limits and 3/4 of this employment (about 146,000) is in or near the cities of Detroit, Cleveland, Chicago, Buffalo, Indianapolis, San Francisco, St. Louis and Los Angeles.

2. What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?

Ford has recently announced several plans that will increase employment in and around central cities. In the Detroit area, 1,700 employes will be transferred from Dearborn to employment within the City of Detroit by 1980, and expansion of two major operations will provide about 2,800 additional jobs within twenty-five miles of the Detroit city limits. The Company will also expand two of its engine plants, adding about 1,000 jobs in the Cleveland, Ohio area; and in December of 1977, the Company announced plans for a new transmission plant near Cincinnati, Ohio, that will add 3,500 new jobs. In addition, plans are well along to expand Ford operations and provide a total of about 2,000 jobs at eight or nine locations in or near major U.S. cities.

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* Ford employment throughout 1977 was at about the same level as for December, 1976, the latest period for which data are available for this analysis.

Another important consideration in assessing employment opportunities is to recognize that changes in demand often cause rapid changes in shift usage patterns. For example, second shifts were added recently to Ford plants in St. Louis and Louisville, thus creating new jobs without any facility expansion or construction.

It is not possible at this time to specify the location or employment effect of new or expanded Company facilities beyond 1978. This will depend largely on economic conditions and on the normal lengthy and highly complicated site-selection process.

3. What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?

In 1967, following the civil disturbances in Detroit and throughout the nation, Ford Motor Company undertook a massive Inner-City Hiring Program in which it actively sought out the hard-core unemployed -- mostly minority residents of the central city. The program, which continued until the early part of 1970, departed from normal employment practices by establishing employment offices in Detroit's innercity, and hiring applicants on the spot with physical examinations given at Company expense by doctors provided by the city. By the end of 1968, approximately 5,500 employes had been hired under this program in the Company's Detroit-area facilities. This Ford program was the forerunner of the National Alliance of Businessmen (NAB) and its programs, which have opened the door to meaningful industrial jobs for hundreds of thousands of the nation's disadvantaged.

As a result of this program initiated by Ford in 1967, and its on-going participation in the NAB program, the Company has, in every year since, provided employment for disadvantaged residents of the cities near its facilities.

With respect to job training programs, the Company has structured its "hourly entry level jobs" to minimize the need for formal training programs; Ford does not run schools, but provides on-the-job training.

4(a). Which existing federal, state or local policies, if any, discourage you from maintaining or locating operations in central cities?

Local and State Policies and Practices

- Adequate transportation facilities, railroads and highways must be available and provide sufficient traffic-carrying capacity and reasonable vehicle size and weight restrictions. Transportation facility inadequacies are more likely in central city locations and their correction is usually either very costly or, in some instances, impossible.

- State and local, income, business and property taxes vary from one local jurisdiction to another and from state to state and are extremely important in the selection of a plant site.

- Adequate police protection for its employes and property is an important consideration and the Company has found that this varies from one area to another.

- Workers compensation and unemployment compensation rates, laws and court interpretations vary from state to state and are factors of significant concern in plant location decisions.

As to Federal policies, one specific Federal action that we believe clearly discourages the location of facilities in central cities is a recent ruling by the Department of Defense Audit Agency refusing to recognize, for the purpose of reimbursement on Federal contracts, the additional costs that will be incurred by the Ford Aerospace and Communications Corporation in moving its headquarters and personnel from Dearborn, Michigan, to Renaissance Center in downtown Detroit. The precedent set by this ruling will tend to discourage other defense contractors from considering possible moves of parts of their operations to Detroit and other central cities.

4(b). What new governmental policies would encourage you to maintain or locate operations in these areas?

The above questions are directed solely to the question of facility location and its effect on central cities. What must be recognized is that location of an industrial facility outside of a city but within its metropolitan area provides employment for residents of the city. In the Detroit area, for example, 57,000 persons are employed in hourly jobs at Ford facilities outside the city but within 25 miles of its corporate limits. About 27,000 or 47% of these employes are residents of Detroit. Their estimated wages amount to about $420 million annually, and the City of Detroit collects about $8 million per year from these employes in city income taxes alone.

The tax base represented by these facilities, of course, is not available to the central city. However, to the extent that taxes imposed by the state are distributed among cities in proportion to need, location of a facility within the state is beneficial to the central city. Moreover, the bulk of Federal business taxes are paid into the General Fund, which provides the monies appropriated for central-city programs regardless of the state or city in which the tax-paying business is located.

In contrast to the typical multi-story factory of pre-World War I vintage, modern industrial plants of the type that Ford and other large manufacturers require for component production and vehicle assembly have land requirements that make most central cities uneconomic locations. In general, the need is for large parcels of land owned by either one party or a small number of parties thus permitting relatively quick acquisition. In addition, land for industrial construction should be:

- reasonable in cost
- zoned or possible to rezone for heavy industrial use
- located a sufficient distance from existing residential or other uses whose owners or tenants might regard heavy industrial use as a nuisance
- adjacent to vacant lands for acquisition if later expansion of the facilities is desired
- accessible by adequate major highway facilities
- served by adequate railroad facilities
- served or capable of being served with potable water supply and sanitary sewer service and
- provided with or accessible to adequate and reliable electric power and natural gas at competitive rates.

Obviously, there are relatively few locations in central cities that meet all or even most of these criteria. It is far more likely that non-central city locations will meet or come close to these criteria than sites in central cities. The extension of tax relief to the prospective new manufacturer has been the historical approach to induce central city industrial location. While taxes are a significant cost factor and the offer of tax relief can influence industrial location decisions, this traditional approach has frequently failed to attract the desired quantity of new industry to central cities. Suitable central city land, i.e., land possessing those attributes previously enumerated, is generally more costly than comparable land in suburban locations and central city tax costs are normally higher than those in the suburbs. If tax relief to the prospective industrial user is employed to encourage central city location, the quantity of tax relief must be sufficient to offset both of these cost penalties. In many instances this requires tax incentives that are substantially greater than most states and local units of government are able or willing to offer.

A multiform attack on the problem might be more productive. Federal policy should induce states to reshape their tax policies to eliminate the higher state and local tax costs now prevailing in central cities. Further, the Federal government should tailor its policies to increase the availability, at a competitive cost, of central city industrial land. This latter goal might be attained by inducing the demolition of old central city industrial buildings. Currently, much of the industrial land in central cities is burdened by old buildings which are vacant or underutilized. The cost of demolishing these

buildings frequently exceeds the value of the underlying land, thus the buildings remain in place and prevent orderly industrial land recycling. This impediment to the availability of reasonably priced industrial land might be overcome by either: (1) a Federal income tax credit for the cost of demolishing these vacant or underutilized buildings, or (2) grants to central cities which, with the permission of the building owner, could be used to demolish such structures without the city acquiring an interest in, or lien against, the property.

Such activities as warehousing, distribution, research and offices are more likely to lend themselves to central-city location. The determining factors here are (1) availability of properly zoned tracts of land large enough and serviced with the required utilities, (2) availability of highway transportation so that the locations involved are accessible to employes living in various parts of the general area as well as to offices and other business operations already located throughout the area, (3) adequate public transportation facilities for employes, (4) shopping, restaurant, hotel and entertainment facilities to make the central-city location attractive to work in and conduct other non-work activities, (5) public safety facilities and personnel to make the central-city location a safe and pleasant place to work, and (6) availability within the city or a reasonable commuting distance of a work force with the skills -- usually of the white-collar variety -- needed to sustain the proposed activity.

Many warehousing, distribution and research and development facilities require tracts of land that -- while smaller than usually needed for industrial plants -- still are larger than those normally available at reasonable cost within central cities. Office-type employment always can be located within a city, of course, but only a limited number of such operations ordinarily can be separated physically by large distances from the headquarters of large companies.

Federal, state and local policies that address themselves to the questions of taxes, construction costs, operating costs, security, transportation and shopping and restaurant facilities are needed to attract into the city those job-creating functions for which a central-city location is reasonable. The recent creation of the Detroit Economic Growth Corporation and similar actions in other cities would seem to be a logical way to approach the problem. Generalities such as those discussed in this letter must be understood if the problem is to be resolved; however, each community is unique, and requires a thorough understanding of economic activity if it is to develop effective solutions.

We appreciate your interest in our views on this matter.

Sincerely,

Will Scott

Will Scott

GATX CORPORATION

120 SOUTH RIVERSIDE PLAZA
CHICAGO, IL60606
312-621-6203

ROBERT F. MACK
Assistant to the President

November 17, 1977

U.S. House of Representatives
Subcommittee on the City Committee
on Banking, Finance and Urban Affairs
of the Ninety-fifth Congress
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Committee Members:

In response to your letter of October 27, 1977, we respectfully submit the following information:

1. While most of our companies' operations are located outside of central cities, our corporate headquarters is located in downtown Chicago, and several of our sales functions are located within such cities as St. Louis, Los Angeles, San Francisco, New York City, etc. Out of our total work force consisting of approximately 11,000 employees, not more than 10% of them are located in central cities.

2. At present, we have no plans to expand or contract our operations regarding central city locations.

3. GATX makes great efforts at reaching unemployed persons in the central cities. Because we are such a diversified company, this answer is directed to our Chicago office operation. As an Affirmative Action employer, we list all job openings with employment sources, which consist of public employment agencies, veterans' groups, the state employment service, universities, business schools, etc. The forty-four employment sources we list our openings with are the following:

1. Welfare Employment Service
2. Chicago Opportunities Industrialization Center,Inc.
3. Illinois State Employment Service

23-313 O - 78 - 11

4. Chicago Urban League
5. Chicago State University
6. Olive-Harvey College
7. Kennedy-King College
8. Loop College
9. Malcolm X College
10. Department of Human Services
11. Taylor Business Institute
12. Central YMCA Community College
13. Thresholds
14. National Alliance of Businessmen
15. Latino Training Center
16. Spanish Coalition for Jobs, Inc.
17. NORBIC
18. Cortez Peters Business College
19. Roosevelt University
20. Archdiocesan Latin American Committee
21. Bryant & Stratton Business College
22. Training Systems Inc.
23. LaSalle Extension University
24. Oakton Junior College
25. DePaul University
26. Loyola University
27. Northwestern University
28. Equal Opportunity Personnel Resource Institute, Inc.
29. Allies for a Better Community
30. Moser School
31. Human Resources Center
32. National Association of the Physically Handicapped
33. Sawyer School
34. Veterans Administration
35. Walton School of Commerce
36. Good Will Rehabilitation Center, Inc.
37. Illinois Veterans Organ
38. Answering Systems Inc.
39. College of DuPage
40. Business Methods Institute
41. Fox College
42. Triton College
43. Joliet Junior College
44. Businessmen Between Jobs

It is our belief that these sources provide us with an excellent supply of intercity applicants, many of whom are unemployed. The Illinois State Employment Service especially helps us in locating and hiring people who are unemployed.

Another effort GATX makes in reaching unemployed people in Chicago is through the Youth Motivation Program. This program, which is administered by the Merit Employment Committee of the Chicago Association of Commerce and

Industry, is geared towards encouraging intercity minorities to obtain the necessary education to qualify them for available employment opportunities. We recognize that this does not directly help unemployed people in the short run, but certainly has positive effects in the long run.

In addition to the Youth Motivation Program, GATX is currently investigating other programs aimed at increasing the qualifications of minorities, such as Inroads and the Early Identification Program at the Illinois Institute of Technology. The Early Identification Program is extremely interesting, in that it helps bring intercity students' reading and mathematical skills to a level required for successful college work.

Further, the Chicago location has an Affirmative Action Plan, which contains goals and timetables related to the Chicago metropolitan area. Each subsidiary and staff department located in Chicago submits quarterly reports detailing its progress in this area of equal employment opportunity. This program is monitored, corporate wide, by the Manager of Equal Employment Opportunity.

4. At this time we do not face any specific problems in this area.

Yours very truly,

Robert F. Mack

GENERAL DYNAMICS CORPORATION
Pierre Laclede Center
St. Louis, Missouri 63105

Warren G. Sullivan
Vice President, Industrial Relations

16 December 1977

Honorable Henry S. Reuss, Chairman
Subcommittee on the City
U. S. House of Representatives
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Sir:

Mr. Lewis, Chairman, General Dynamics Corporation, has asked me to respond to your subcommittee's letter requesting information to assist in formulating proposals to aid the economies of the central cities.

General Dynamics is a highly diversified corporation of 13 divisions and subsidiaries with over $2.5 billion in annual sales. We have 77,000 employes, all but 3,000 of whom work in manufacturing plants, shipyards, mines, quarries, offices, and research facilities in nearly every state in the U. S.

The company's activities can be identified as being part of four broad industry classifications: aerospace, electronics and telecommunications, marine, and natural resources. Our principal operating units and their headquarters locations are: Asbestos Corporation Limited, Montreal, Quebec, Canada, (Mining); Convair Division, San Diego, California, (Space vehicles and systems, airframe and aircraft); Datagraphix, Inc., San Diego, California, (Automatic COM systems); Electric Boat Division, Groton, Connecticut, (Nuclear submarine construction, overhaul and repair); Electronics Division, San Diego, California, (Electronics systems, radar, manufacture and assembly); Fort Worth Division, Fort Worth, Texas, (Aircraft manufacture and electronics); Freeman United Coal Mining Company, Chicago, Illinois (Mining); General Dynamics Communications Co., St. Louis, Missouri, (Telecommunications and interconnect equipment); Marblehead Lime Company, Chicago, Illinois, (Mining and processing); Material Service Corporation, Chicago, Illinois, (Quarrying of aggregate, building materials, preparation and delivery); Pomona Division, Pomona (Los Angeles), California, (Electronics, missiles and tactical weapons systems); Quincy Shipbuilding Division, Quincy (Boston), Massachusetts, (Shipbuilding including LNG Tanker); and Stromberg-Carlson, Rochester, New York, (Telecommunications).

Additional major operating facilities of these divisions/subsidiaries are in Quonset Point, Rhode Island, West Milton, New York, Avenel, New Jersey (Electric Boat); Charleston, South Carolina (Quincy); Ardmore, Oklahoma,

Sanford, Florida, Charlottesville, Virginia (Stromberg-Carlson); Camden, Arkansas (Stromberg-Carlson and Pomona), and Window Rock, Arizona (Pomona).

Location has been determined by the type of product in the instances of the Quincy Shipbuilding and Electric Boat Divisions (located on water), Fort Worth Division (located at an airport) and Convair Division (located partially at an airport), while leasing arrangements with the federal government have determined the location of the Pomona Division. The Window Rock facility is on the Navajo Reservation through arrangement with and at the behest of the Navajo Tribal Council. The locations of our commercial units -- Stromberg-Carlson, Asbestos, Datagraphix and Material Service Corporation -- pre-existed acquisition of them by General Dynamics, for the most part, excepting the Camden, Arkansas, Charlottesville, Virginia, and Sanford, Florida locations of Stromberg-Carlson.

Approximately 37,000 General Dynamics employes work in or close to the downtown areas of San Diego, California; Los Angeles, California; Chicago, Illinois; Providence, Rhode Island; Fort Worth, Texas; Rochester, New York; and Boston, Massachusetts. All of these facilities have been located in those same areas for the past 25 years or more. Current General Dynamics business indicators are favorable and portend an overall increase in the amount of activity at these locations, with the exception of the Rochester facility. Employment at the Rochester, New York plant has been gradually decreasing while the other plant locations of Stromberg-Carlson are expanding their operations. The result is directly tied to a shift in business emphasis to products being manufactured at the latter locations.

General Dynamics participates in the programs of the National Alliance of Businessmen and the HIRE Program. All of our divisions/subsidiaries have Affirmative Action programs regardless of whether there is a governmental requirement or not. Our Electric Boat and Quincy Shipbuilding Divisions also participate in CETA programs. In the coming year the Fort Worth Division will be using the CETA program to train new employes. The use of the Trade Relief Act program to obtain critical skills is under study by the Electric Boat Division.

The critical requirements of needing to be located near water for shipbuilding, at airfields for aircraft manufacturing, and geographically dispersed near sources of minerals and raw materials have and will continue to be the principal factors in the location of General Dynamics operating facilities as far as the present industry diversification is concerned.

We will continue to use government programs in staffing our locations but have no specific recommendations to offer on changes in the policy area.

Please let me know if we can be of further assistance to you, members of the subcommittee or staff.

Very truly yours,

Warren G. Sullivan

Warren G. Sullivan
Vice President -
Industrial Relations

GENERAL ELECTRIC
COMPANY
777 FOURTEENTH STREET, N. W.
WASHINGTON, D. C. 20005

P. S. PETER
VICE PRESIDENT

February 22, 1978

The Honorable Henry S. Reuss
Chairman
Committee on Banking, Finance and Urban Affairs
U. S. House of Representatives
Washington, D. C. 20515

Dear Chairman Reuss:

Mr. Jones has asked me to reply to your Subcommittee on the City's request for information that will assist you in developing and evaluating any proposals to aid the economic growth and development of America's urban areas, particularly the so-called central cities. We at General Electric share your concern for the "plight of our central cities" and recognize the need for a policy incorporating both public and private interests and initiatives that will assure the revivification of those cities that are economically distressed.

As you pointed out in your letter, the nature of the central cities and their employment characteristics have changed. Reflecting the greater growth in employment in our country's services sector than in manufacturing, services may well become the linchpin in our efforts to reinvigorate our urban economies. Moreover, I am certain that you appreciate the deficiencies inherent in overly broad generalizations; not every urban area or central city features infrastructure deterioration and unacceptably high unemployment. For a variety of reasons, some of our nation's metropolitan areas and central cities are enjoying healthy economic and cultural growth. Furthermore, in any discussion of this important and comprehensive socio-economic issue, definitional distinctions are critical: What is a "central city" location? Who is properly counted as unemployed/underemployed? When "government programs/policies" are proposed, do we mean local, state, regional or federal approaches and how will the design, administration and financing responsibilities be divided? With those illustrative, but certainly not exhaustive, cautionary observations noted, we shall attempt to respond to your specific areas of interest.

1. Central City Employment

Recently recorded and reported data show General Electric employment in the United States to be just over 274,000. Applying a fairly narrow definition of

"central cities", we estimate that the twelve Company facilities located in or just on the fringe of inner cities employ slightly more than 17,000 individuals. Thus, over 6% of General Electric employees work in central cities such as St. Louis, Chicago, Milwaukee, Cleveland (world headquarters for the Lamp Business Group), Philadelphia, Newark and Bridgeport. In addition, our four largest manufacturing locations, Louisville, Kentucky; Schenectady, New York; Erie, Pennsylvania; and West Lynn, Massachusetts, are situated in urban areas and are easily accessible to the labor force upon which we rely. These locations employ well over 60,000, or another 22% of General Electric's domestic employment. (As a matter of interest, 63% of General Electric's employment, or more than 172,000 jobs, are in New England, New York State and the Central States of Ohio, Pennsylvania, Michigan, Indiana, and Illinois -- among the most heavily urbanized areas of our country.)

2. Five-Year Plans for Expansion or Contraction

Almost all of the above-referenced plants were started prior to 1940; Louisville began in the early 1950's and represents the most recent construction. Thus, our status as a significant urban employer is one of long standing. Clearly, once a product market has been identified and entered, the growth of that market in large measure dictates whether employment increases. And within a growing market, the same factors that led to the initial site selection, e.g., availability of an adequate labor supply, ready access to markets, sufficiency of transportation facilities, the level of such operating costs as fuel and taxes, etc., will be the major determinants in any future siting decisions. Given the diversity and geographic scope of General Electric's operations, the growth of the previously cited plants, and any other Company facilities, is dependent upon a number of variables. Obviously, the general health and vitality of our national economy are of paramount importance. Barring any unforeseen events, such as the 1974-75 recession, we do not presently foresee any major expansion or contraction in the size and scope of these specific Company operations.

3. Recruitment/Job Training Activities Sponsored

The precise aim or focus of many of General Electric's recruitment/job training initiatives and activities has not been confined solely to the unemployed in central cities, although many individuals who could be so described are undoubtedly the beneficiaries of targeted programs such as the following:

- West Lynn: Project STEP (Skill Training and Education Program) Begun in 1968, it has graduated approximately 250 individuals who before the program had deficiencies in education, skills and work orientation.

- Cleveland: An entry level training program for disadvantaged was started in 1969; over 370 people have been involved, with 249 placed in full-time jobs to date. GE also donated its Woodland plant to the Cleveland public school system for use as a training center; this was part of a broad program of cooperation with the city to deal with the problem of high school dropouts.

- Philadelphia: Established Progress Aerospace Enterprises in conjunction with Rev. Leon Sullivan's organization, OIC; General Electric provided equipment for training, loaned personnel, awarded contracts and trained OIC regional directors.

- Nationwide (but with strong urban/central city thrust)

  - Sponsored numerous career education programs to facilitate school-work transition, including the Expo-Tech exhibition visits to inner cities of Washington, D. C., Cleveland, Detroit, Milwaukee, and Cincinnati which were designed to motivate students toward technical careers.

  - Conducted six-week summer institutes dealing with the school-work transition issue for over 2,000 guidance counselors, teachers and administrators at leading universities. These sessions were augmented by school year in-service programs in Louisville, Lynn, Erie, Milwaukee, Cincinnati, Bridgeport, etc.

  - PIMEG (a national Program to Increase Minority Engineering Graduates) was catalyzed/nurtured by General Electric and resulted in a more than four-fold increase in such graduates in its first five years.

  - Under CETA contracts, GE in 1977 alone committed to hire and train 226 people -- primarily in Cleveland and Louisville.

  - Under the voluntary HIRE Program, General Electric will exceed its pledge to hire 500 Vietnam-era veterans in high unemployment categories by September 1978.

  - Over the past twelve years, GE has worked with OIC and the Urban League to hire trainees from their programs; in one year GE helped train and employ 742 people from those and similar programs.

4. The Impact of Government Policies

As indicated above, given General Electric's scope and diversity, the reasons for any contraction of operations in central cities -- or anywhere for that matter -- can be many and various. We believe that without sacrificing our national objectives of a cleaner environment and a safer workplace, it should be possible to examine the economic costs of environmental and safety regulations to see if they justify themselves, and whether there are less inflationary ways to achieve the same basic objectives. Unnecessarily burdensome government regulations that increase operating costs and concomitantly depress employment are obviously not conducive to expansion. Similarly, excessive tax burdens, particularly those disproportionately directed to corporations, can be both the cause and the effect of a deterioration of the urban infrastructure that is crucial to any businessman's expansion/location decisions.

The list of potential impediments is long. Likewise, the elimination or amelioration of any of them could well represent an inducement to remain. More specifically, a reduction in corporate tax rates imposed by the various taxing jurisdictions, more favorable investment tax credit treatment and the availability of accelerated schedules for depreciation of governmentally mandated equipment would have a generally beneficial impact that should redound to the benefit of the central cities as well as the country at large. A prudent program of fiscal integrity at all levels of government would appear to be the keystone of any policy intended to enable urban areas to capitalize on their traditional strengths, e.g., a ready-work-oriented labor force; established public transportation; good, reliable energy delivery systems; extensive educational and social services. In short, what we suggest is the renewal, cultivation and maintenance of an efficient, adaptive infrastructure. Not so much the institution of new programs, but the funding and development of new ways to realize the urban potential.

To some extent, a limited number of new programs such as the Urban Bank may be required to provide the initial, financial impetus. Another program worthy of investigation and possible implementation, initially at the demonstration project level, would be the targeting of private investment into both urban and rural areas of structural unemployment through the issuance of Certificates of Necessity. Such certificates, akin to those that worked so well to meet a national need for production during World War II, would enable a private investor to recover an investment in a new or rehabilitated plant at a rate of at least 20% a year over a five-year period.

I have attempted to provide a sense of our thinking on these vital issues of mutual concern. However, in order to provide you with both a deeper appreciation of our views and a better feel for the integrated system of private and public cooperation that we believe is essential, I am enclosing a copy of the speech delivered by Mr. Jones on January 30, 1978, at the White House Conference on Balanced Growth and Economic Development.

I hope that our comments will prove beneficial to you and your Committee as you continue your analysis and evaluation of what you have rightly identified as one of "the most pressing of this nation's problems".

Very truly yours,

P. S. Peter

P. S. Peter
Vice President
Washington Corporate Office

(The referred to speech of Mr. Jones has been retained in the files of the Subcommittee.)

GENERAL FOODS CORPORATION / 250 North Street, White Plains, N. Y.

L. A. ARCHER, JR.
DIRECTOR
EQUAL OPPORTUNITY AFFAIRS

November 30, 1977

Honorable Henry S. Reuss
Chairman,
Subcommittee on the Committee on
Banking, Finance and Urban Affairs
U. S. House of Representatives
Washington, D. C.

Dear Representative Reuss:

Your letter of October 29, 1977 to Mr. James L. Ferguson, Chairman of General Foods Corporation, has been forwarded to my office for information and reply. On behalf of Mr. Ferguson thank you for your interest in General Foods.

General Foods supports the objective of reviving and stabilizing city economies and providing jobs for their residents. As you noted, central city locations are no longer appropriate for heavy industrial plants, but are more attuned to executive and sales offices and research centers.

General Foods has demonstrated its concern nationally through the Jobs Program of the National Alliance of Businessmen and similar programs sponsored by public and private groups.

Following is the information you requested. We hope it assists the Subcommittee in its important work:

1. At present, the corporation has five operations which could be considered in central cities -- Maxwell House coffee plants in Houston, Hoboken and Jacksonville; and two plants in Chicago -- one primarily producing Kool-Aid brand products and one Jell-O brand products.

The employment totals are as follows:

The total General Foods' central city employment of 4,503 is 32.7% of the total General Foods' plant workforce of 13,755, and is 22.2% of General Foods' U.S. workforce of 20,298.

2. Regarding expansion plans, these facilities have been expanded considerably over the past decade. In the main, the operations are presently as large as the available space will permit. The major factors influencing our expansion have been the savings that are provided by utilizing existing facilities versus the economic trade-offs presented by the initial cost of the new facility with the presumed lower operating expenses of a new, more efficient plant. Also considered is the desire to maintain employment of a trained and valuable workforce.

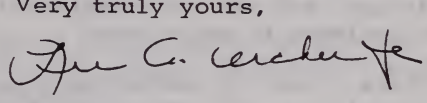
3. Over the years, our central city facilities have provided a variety of recruiting and job training programs that are designed to provide employment opportunities to disadvantaged and/or the unemployed. Because the employees at most of these plants are represented by union organizations, our training programs are obliged to comply with requirements of collective bargaining agreements. We feel we have been quite successful in our efforts to hire and train the disadvantaged and to provide upward job mobility to central city residents.

4. You have asked about the impact of federal, state or local policies on the decision to maintain or locate in central cities. The decision to maintain or locate an operation is virtually always based on economics. Among the factors inserted into the equation are considerations of local taxes, construction costs, land price and availability, insurance rates, access and proximity to rail and truck transportation routes and safe conditions for a workforce.

   To the extent that governmental policies could influence positively any of the factors enumerated above, operations in central cities would be enhanced.

As noted above, General Foods is supportive of the Subcommittee's objectives. We hope the information contained herein will assist you in your efforts.

Very truly yours,



GENERAL MOTORS CORPORATION
GENERAL MOTORS BUILDING
DETROIT, MICHIGAN 48202

ROBERT F. MAGILL
VICE PRESIDENT

January 16, 1978

Representative Henry S. Reuss
Chairman, Subcommittee on the City
Committee on Banking, Finance and Urban Affairs
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Representative Reuss:

In response to your letter of October 27, 1977 requesting information on our "central cities" operations, we have prepared the attached report.

I would also like to thank your staff for extending the deadline for submission of this response. The data you requested had to be obtained from several staffs and divisions, and was not immediately available in all cases. Your patience is appreciated.

You have chosen to address an area of critical concern to all Americans. We commend you for your efforts and wish you all success.

If we may be of any further assistance, feel free to contact us.

Sincerely,

R. F. Magill

Attachments

1) Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?

For the purposes of this report, it is necessary to have a definition of "central cities". This is because employment locations, both within city boundaries and without, employ persons from the existing major labor market areas. Thus, for our report we have utilized those major labor market areas which the Department of Labor has classified as areas of "substantial" and/or "persistent" unemployment as being "central cities".

Within the parameters of this definition, there are currently 112 "central cities" in which we operate facilities. These facilities, based on 1976 average employment, employed in excess of 350,000 of the approximately 536,000 total domestic GM work force. Although 1977 average employment information is not yet available, we tend to believe that the employment figures will be slightly higher.

Refer to Exhibit A and B.

2) What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?

Our programs for expansion and modernization--including those completed in 1977, now under way, and already approved--will add nearly 20 million square feet of floor space, and more importantly, some 30,000 new jobs.

More than 10 million square feet of this expansion and modernization can be directly related to central city plants in major labor markets. About 14,000 of the new jobs fall in the same category.

Principal among our expansion plans is a new assembly plant in Shreveport, Louisiana, which we hope to begin construction shortly. In addition, the resumption of construction of our new assembly plant at Oklahoma City, Oklahoma further underscores our continuous review of production requirements in central cities with major labor markets.

The single most important factor influencing our expansion plans is the continued growth of the industry. But equally important are other critical influences such as energy, environmental concerns, economic incentives and logistics which we have addressed in responding to question 4).

3) <u>What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?</u>

General Motors has actively participated in the National Alliance of Businessmen Program for hiring and training the hard-core unemployed since its inception in April, 1968. Although Federal funds have been available, GM elected to hire and train these employes without government aid. Since inception of the NAB Program through the third quarter of 1977, GM had hired over 116,000 employes under the program. In addition, since 1970 GM has hired about 57,000 veterans.

Along with our efforts to hire the disadvantaged and qualifiable as well as qualified individuals for factory jobs, we have established various programs to assist employes who are disadvantaged by lack of education or experience. These include adult education and other programs to help employes who have not finished high school to pass high school equivalency tests.

Special emphasis has been placed on increasing the participation of minorities in the skilled trades. Many GM plants have programs designed to increase the formal educational skills of prospective apprentices. These pre-apprentice training programs, most of which are administered in conjunction with local school systems, emphasize the study of mechanical principles and mathematics. Our efforts in equal employment opportunities are not confined to minorities. We are also giving priority attention to increasing opportunities for employment and advancement of women.

In addition, GM financially supports the Opportunities Industrialization Centers of America, Inc. founded by Leon H. Sullivan. We believe that O.I.C. has had a dramatic impact on creating jobs and producing skilled people to fill those jobs. Data accumulated by O.I.C. indicate that at least 280,000 persons have been trained and placed in jobs during the past thirteen years.

One of the major factors responsible for this record is the support O.I.C. has received from General Motors and the Corporate community.

4) Which existing federal, state or local policies, if any, discourage you from maintaining or locating operations in central cities? What new governmental policies would encourage you to maintain or locate operations in these areas?

Federal, State and local environmental control legislation, regulations and policies can be a definite discouragement to locating new or expanding existing facilities in large urban areas. State and local legislative requirements can be more restrictive than Federal. In addition, environmental quality and, therefore, control requirements are applicable to specific geographic location and are usually influenced by population and industrial concentration, weather, terrain, etc. The following summarizes the major environmental factors affecting such development and offers some alternatives for possible partial solutions.

a) In many cases, large urban areas do not meet ambient air quality standards established. This creates two deterrents to industrial and other expansion. Emissions from existing stationary and mobile sources must be decreased and maintained at an acceptable level. All new, expanded or modernized facilities must not only install the most stringent pollution control equipment but also must obtain emission reductions for more than the new emissions introduced. Time required to negotiate these

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situations, cost and other difficulties place urban areas at a disadvantage compared to regions with "available" air quality. Plans to attain and maintain ambient air quality by reducing emissions from existing sources must be approved by July, 1979. If adequate provisions are included in these plans, industrial expansion may at least be possible. In hand trade-off packages would eliminate some complications in this interim period.

b) The availability and adequate quality of municipal water and waste-water treatment are essential to industry. Areas where these are inadequate for industrial expansion may well be avoided. Meeting Federal standards can be extremely expensive for municipalities but when accomplished, should have adequate provisions for additional industrial capacity. Federally mandated 208 planning will encompass all areas of the country, including urban centers and can complicate urban growth capabilities.

c) Properly designed sites for disposal of industrial waste materials must be locally available. Recent Federal laws require more stringent control of such sites, which will further limit availability.

d) Transportation of materials and people are critical for industry. Existing systems within urban areas often are inadequate. Ambient air quality and residential areas are impacted by transportation modes which can complicate improvement.

e) Since large tracts of land are not normally available in urban areas, appropriate greenbelt provisions for industrial operations to protect surrounding areas from noise, odor and other disturbing influences, can be difficult to achieve.

f) Land use planning in developed areas, including zoning and actual use, is restrictive on industrial development. Master planning often excludes provisions for future large industrial complexes

and related environmental safeguards.

Expansion requires energy and some of the energy related problems for industrial expansion in many states and cities include the following:

a) Natural gas shortage - non-availability of long term supplies for critical industrial process requirements.

b) Shortages of natural gas and domestic oil supplies require a substantial shift to coal. Rigid environmental regulations and delays in obtaining regulatory approvals make the use of coal uncertain, difficult and costly.

c) Departure from cost of service pricing to social rate schemes results in discriminatory and higher utility prices on industry and business.

d) Inadequate rate increases, regulatory delays and excessive departure from cost of service rates can weaken the financial stability of a utility and result in future power shortages.

In addition to environmental and energy factors that affect development, other major areas that pose problems to an urban location are as follows:

a) Where increased operating expenses of municipalities and a decreasing industrial tax base exist, severe tax burdens can be imposed on industry which remains or decides to locate in a central city.

b) Suitable sites rarely exist in most center cities. In most cases adequate acreage is impossible to assemble due to both costs and acquisition problems from individual owners, not to mention years of delay in assembly and obtaining clear title. It is also very difficult to acquire future expansion space -- thus constricting business planning.

For all practical purposes industrial parks in the central city do not exist and the land cost and

tax burden could be noncompetitive even if they did exist.

c) Congested and time consuming transportation networks are often characteristic of the central city; interstate highway and rail systems facilitate the quick and easy flow of goods and thus yield significant logistics savings.

d) Labor rates are often higher than in competitive suburban locations and, if there is a limited skilled labor supply, labor quality can be a concern.

e) Overlapping city, county and state jurisdictions in granting permits, requiring inspections, etc., increases both the confusion in starting an industrial development and also adds to the bureaucratic overhead cost for the urban plant, as well as inability to get direct and timely answers to operating problems because of the jurisdictional disputes.

f) Incompatible land uses are often caused by spot zoning.

g) Security problems related to product in transit, product in process and also higher cost of insurance and security forces is often a problem in urban areas.

h) Lack of tax, bonding, or abatement incentives for new and/or expanding business, such as Michigan's Public Act #198 which appears to be an effective tool can contribute to an area's noncompetitiveness.

i) Inability of city, county, state and civic development agencies to coordinate their efforts in directing industrial users to good sites and helping to "cut the red tape" is often an impediment.

j) TVA and other public agencies have both funding and a mission to develop suburban industrial sites and thus provide exceptional competition for the urban center.

In summary, there are major conflicts between the goals of environmental, energy, economic, employment, social and many other efforts. In addition, similar conflicts exist between Federal, State and local entities of government. Fuel conversion from gas or oil to coal may be necessary and will then have a severe impact on environmental considerations. The unemployment issue, as with all of the other factors, must be tied to the changing role of major urban areas. If appropriate types of industrial development are to be enticed to these areas, major economic incentives must be introduced to balance the built-in disadvantages. In addition, a coordinated, well-versed and streamlined industrial development should be put into effect. This would provide for the solutions to the referenced problems and a single agency authorized and geared to accomplish expansion economically and within the short time frame necessary to industry.

EXHIBIT A

GENERAL MOTORS
1976 AVERAGE EMPLOYMENT IN CITIES
ON "SUBSTANTIAL" UNEMPLOYMENT LIST OF 11/9/77

Major Labor Area	1976 Average Employment
California	
Stockton	15
Sacramento	59
San Diego	91
San Francisco - Oakland	6,362
San Jose	27
Connecticut	
Hartford	56
New Haven	41
Delaware	
Wilmington	2,496
Florida	
Miami	167
Tampa - St. Petersburg	147
Georgia	
Atlanta	10,645
Augusta	48
Columbus	24
Macon	32
Savannah	15
Hawaii	
Honolulu	54
Louisiana	
Baton Rouge	53
New Orleans	155
Shreveport	78

EXHIBIT A

Major Labor Area	1976 Average Employment
Maine	
Portland	54
Maryland	
Baltimore	6,635
Massachusetts	
Boston	542
Brockton	19
New Bedford	6
Worchester	29
Michigan	
Detroit	42,452
Flint	67,347
Lansing	18,796
Muskegon	12
Minnesota	
Duluth	12
New Jersey	
Newark	6,769
New Brunswick	876
Trenton	3,211
New Mexico	
Albuquerque	70
New York	
Albany	62
Binghamton	15
Buffalo	12,667
New York	3,162
Rochester	7,823
Syracuse	1,637

EXHIBIT A

Major Labor Area	1976 Average Employment
Ohio	
Akron	2
Canton	23
Cincinnati	4,745
Hamilton	2,773
Toledo	3,807
Warren	11,946
Oregon	
Portland	151
Pennsylvania	
Erie	17
Johnstown	10
Philadelphia	280
Pittsburg	2,196
Rhode Island	
Providence	47
Texas	
Corpus Christi	29
El Paso	75
San Antonio	95
Virginia	
Norfolk	62
Washington	
Seattle	179
Tacoma	18
Total	219,216
Total U.S.	535,911
Percent of Total U.S.	40.9%

EXHIBIT B

GENERAL MOTORS
1976 AVERAGE EMPLOYMENT IN CITIES
NOT ON "SUBSTANTIAL" UNEMPLOYMENT LIST OF 11/9/77

Major Labor Area	1976 Average Employment
Alabama	
Birmingham	121
Arkansas	
Little Rock	102
California	
Anaheim - Santa Ana	452
Colorado	
Denver	453
District of Columbia	199
Florida	
Jacksonville	397
Illinois	
Chicago	10,963
Moline	6
Peoria	52
Indiana	
Fort Wayne	10
Gary	66
Indianapolis	16,515
South Bend	21
Terre Haute	12
Iowa	
Cedar Rapids	13
Des Moines	76
Kansas	
Wichita	57

EXHIBIT B

Major Labor Area	1976 Average Employment
Kentucky	
Louisville	180
Michigan	
Grand Rapids	6,862
Kalamazoo	3,244
Saginaw	22,661
Minnesota	
Minneapolis - St. Paul	294
Mississippi	
Jackson	84
Missouri	
Kansas City	4,040
St. Louis	7,645
Nebraska	
Omaha	165
New Hampshire	
Manchester	28
North Carolina	
Ashville	35
Charlotte	371
Greensboro - Winston - Salem	120
Raleigh - Durham	121
Ohio	
Cleveland	11,750
Columbus	3,782
Dayton	30,275
Elyria	2,369
Oklahoma	
Tulsa	62

EXHIBIT B

Major Labor Area	1976 Average Employment
Pennsylvania	
Allentown	20
Altoona	15
Harrisburg	62
South Carolina	
Charleston	51
Greenville - Spartanburg	58
Tennessee	
Chattanooga	68
Knoxville	42
Memphis	381
Nashville	76
Texas	
Austin	16
Dallas - Fort Worth	5,620
Houston	543
Utah	
Salt Lake City - Ogden	171
Virginia	
Richmond	75
Roanoke	27
Washington	
Spokane	43
West Virginia	
Charleston	101
Wisconsin	
Madison	15
Total	130,987
Total U.S.	535,911
Percent of Total U.S.	24.5%
Memo: Total on "Substantial" Unemployment List	219,216
Total not on "Substantial" Unemployment List	130,987
Grand Total	350,203
Percent of Total U.S.	65.4%

THE GENERAL TIRE & RUBBER COMPANY
AKRON, OHIO 44329

OFFICE OF THE PRESIDENT
(216) 798-3100

November 18, 1977

Mr. Henry S. Reuss, Chairman
Subcommittee on the City
Committee on Banking, Finance
and Urban Affairs
U. S. House of Representatives
604 House Office Bldg. Annex 1
Washington, D. C. 20515

Dear Mr. Reuss:

In answer to the October 27 inquiry you directed to T. F. O'Neil, eleven of the Company's 46 plants are located in what we would term the central or inner city (a 1976 annual report listing all plant locations is attached).

With an employment of approximately 9,500 people -- out of a total of 39,000 -- the plants are in Akron and Toledo, Ohio; Lawrence and Reading, Mass.; Jeannette, Pa.; Wabash, Logansport and Evansville, Ind.; El Monte and Downey, Cal.; and Clifton, N.J.

As to our plans for expanding or reducing production in these plants -- or any other plants -- such actions depend entirely upon business conditi generally and the demand for the given plant's products. Of even greater importance is whether or not the facility is operating profitably, a fact influenced in a major way by such things as taxes, labor rates, energy availability and the increasing cost of non-productive government regulat

As to our plans for these plants covering the next five years, forecastin conditions for any period of time, unfortunately, has become virtually impossible. However, if customer demand is inadequate to operate all of our facilities, the older, higher-cost factories (urban areas) will be cu back or eliminated first.

In answer to question (3), General Tire, in addition to participating ful in the National Alliance of Businessmen, has affirmative action programs every plant. In some cases, these are tied to USES referrals. In additi especially in Akron -- we have helped by providing counseling on job-inte orientation in urban areas.

Many federal, state or local policies and regulations may play a part in deciding whether or not to maintain a plant in a particular location. OSI requirements can make it more economical to abandon an older, inner-city

facility rather than rebuild to meet the many requirements established long after a plant was originally built. Similarly, environmental policies from all three levels of government may create an economic burden on an older plant, thereby making a newer facility in a more remote area far more attractive from an overall business viewpoint.

A separate problem in large central city locations may be created by current Equal Employment Opportunity Commission policies requiring an employer to employ minorities in a percentage equivalent to the percentage of minorities in the local work force. While inner-city areas commonly include disproportionately large numbers of minorities within the local work force, the skills, education and abilities needed by employers are ofter unavailable within the local population. The existence of tax incentives, or lack of tax incentives, together with generally spiraling tax rates in many large inner-city areas, is another significant factor bearing on the decision to maintain an inner-city location, as are higher rates of crime and vandalism, the degree of cooperation from local law enforcement agencies, the caliber of available city services and the rising costs of insurance in poorer risk locations.

Probably the single most important factor in facility location -- particularly in a labor-intensive industry such as the Rubber Industry -- are labor rates and the labor climate. In many central-city plants, labor rates are among the highest and the labor climate, which is often related to archaic and long-established work rules, is simply not favorable. If these cities are to compete with other areas in providing jobs, they must become competitive. This is axiomatic.

Sincerely yours,

M. G. O'Neil

Attachment

(The 1976 annual report referred to has been retained in the files of the Subcommittee.)

The Goodyear Tire & Rubber Company

Akron, Ohio 44316

VICE PRESIDENT,
GENERAL COUNSEL
AND SECRETARY

December 28, 1977

The Honorable Henry S Reuss
Chairman
U.S. House of Representatives
Subcommittee on the City
604 House Office Building Annex 1
Washington, DC 20515

Dear Mr Reuss:

I am pleased to respond to your letter concerning the plight of our central cities and their unemployed.

Certainly the problem must be addressed jointly by business and government. There is no simple solution which will balance hard economic facts with the obvious and pressing human needs of the inner city. However, the basic economic requirements of maintaining a viable business enterprise must be adhered to. It will not benefit business, government or the people to attempt to maintain any facility in a location which is not economically viable.

With respect to your specific questions:

1. At the present time, Goodyear has nine manufacturing facilities located in central cities. These include Akron, Ohio; Los Angeles, California; Gadsden, Alabama; Jackson, Michigan; Cumberland, Maryland; Lincoln, Nebraska; Houston, Texas; Niagara Falls, New York; and Lansing, Michigan. Total domestic employment is 83,902 and these facilities employ 29,724 or 35.4% of Goodyear workforce.

2. Expansion and/or modernization is presently planned for only one of the facilities while production is being reduced at another plant.

Major factors affecting decisions concerning these locations would be: site limitations from a space or zoning standpoint; distribution and transportation requirements and limitations; governmental regulations; age and condition of facilities; labor availability and relations and the basic economic feasibility of the facility in question.

3. Goodyear programs aimed at unemployed in central cities encompass a broad spectrum of activities. In general, we have found the most effective way of producing meaningful results for the company is through educational support on a broad scale such as National Fund for Minority Engineering Students, National Advisory Council on Minorities in Engineering, National Alliance of Businessmen, United Negro College Fund and other similar programs.

We also have local programs, however, such as Operation Springboard -- a ten-year-old program here in Akron which takes inner city youth selected by the Urban League and provides them with job readiness training as well as actual work during the summer months. This program was developed by Goodyear specifically to help inner city minorities here in our corporate headquarters city.

4. As mentioned in your letter, central city location is generally no longer appropriate for heavy industrial plants. Accordingly, Goodyear is not and generally cannot consider such locations for the manufacturing side of our business.

We do, however, have various facilities throughout the United States which are compatible with urban location. For example, there is a major distribution center in Cleveland, sales and staff offices in major cities such as New York, Los Angeles, and Chicago and, of course, numerous retail tire outlets around the country.

Obviously, there are a multitude of factors affecting facility location choice. Tax policies, labor market, physical site and space limitations, zoning, transportation requirements, security, basic and on-going costs of creating and maintaining the facility and many others are readily apparent considerations in site location.

Above all, however, a realistic evaluation of economic implications to business would aid in the joint development of effective government policies and programs which could benefit the central cities and their unemployed. In this area as in others, we do not seek to be adversaries; but rather, we would much prefer to be partners in the true sense of the word.

Very truly yours,

Vice President,
General Counsel
and Secretary

Gulf Oil Corporation

December 9, 1977

Hon. Henry S. Reuss
House of Representatives
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Congressman Reuss:

Mr. Jerry McAfee, Chairman of the Board has asked me to respond to your letter of late October, 1977, regarding central city locations for major corporations. The Gulf Oil Corporation is extremely active in center city development, both in Pittsburgh, Pennsylvania, and Houston, Texas, our two major headquarters cities. In fact, within the next two weeks, we will be moving a substantial unit into 44,000 square feet of center city space here in Pittsburgh.

In regard to your first question, we now employ about 7,000 persons in center city locations, which is about one-third of our domestic work force.

Following on with your questions, we would project some relatively small expansion of that employment base over the next few years. The major factors in these plans are to locate our basic administrative units within easy proximity of the units we already have headquartered in center cities. The other major factor in these plans is the execution of the Corporation's commitment to center cities.

In regard to your third question, we have classroom education both in Houston and Pittsburgh to train intra-level persons. Our normal procedure is to hire center city residents at entry level jobs and then at our expense give them the tools necessary for upward mobility.

The existence of federal, state and local policies do not in fact have a great deal to do with our locational decisions inasmuch as the only activities pursued by this Corporation which are appropriate for center cities are headquarters type functions. Needless to say, we do not ever consider center cities when discussing refinery or chemical plant type operations.

There are, however, a number of issues of great significance to our cities. As you might recall, some four years ago, I had the pleasure testifying before your Committee as Vice President of National Council for Urban Economic Development. At that time, I was serving as the Director of the Mayor's Office of Commerce and Manpower in the City of Boston. I have long felt that the key to the entire issue is the capital formation process for smaller companies and the design and execution of governmental policies which are never the geographic distribution of those investments.

I would be most happy to pursue these notions in greater length if you felt that would be helpful.

Sincerely,

Gerald W. Bush

Gerald W. Bush

23-313 O - 78 - 13

HART SCHAFFNER & MARX

36 South Franklin Street, Chicago, Illinois 60606
(312) FRanklin 2-6300

JEROME S. GORE
President

December 6, 1977

U.S. House of Representatives
SubCommittee on the City
Committee on Banking, Finance and
Urban Affairs of the 95th Congress
604 House Office Building, Annex 1
Washington, D.C. 20515

Gentlemen:

Thank you for the opportunity to present our views on the plight of our central cities and their unemployed.

As one of the nation's leading and oldest manufacturers and retailers of men's tailored clothing, Hart Schaffner & Marx has its beginnings in one of the country's most important urban centers -- Chicago -- where we still maintain our Corporate headquarters. Since our incorporation in the late 1880s, we have expanded existing facilities and acquired new stores and plants all over the United States. Today, customers can find HS&M-owned stores and factories in over sixty metropolitan areas.

The total domestic employee population of HS&M is 19,128 employees, of which 8,720 or 45% work in the Retail division, and 10,408 or 55% work in our Manufacturing divisions.

The Retail employees work in 276 stores located in sixty-seven Standard Metropolitan Areas. Forty-eight of these stores are in central cities and they employ 1,440 employees, which is 16% of our total Retail population. The map in the enclosed Annual Report indicates the locations of HS&M stores.

Our Manufacturing plants are more frequently found in central cities where immigrants from all over the world have traditionally settled on arrival in this country. Of the 10,408 employees in Manufacturing, 50% work in central cities such as Chicago, Illinois, Buffalo and Rochester, New York, and Baltimore, Maryland.

Our Corporate management continually examines market areas in which we can expand. However, we do not presently have plans to open additional Retail stores or Manufacturing plants located in central cities. We do intend to expand existing suburban Retail stores and existing rural or small-town Manufacturing plants.

The target market of our Retail stores is that population group whose average annual family income will enable them to purchase our clothing. These persons more often reside in suburban communities rather than central cities. Nevertheless, we have not neglected the central areas of our large cities and we continue to be very well represented in these areas.

As for our Manufacturing plants, we have been expanding non-central city facilities where competition for skilled and unskilled labor is less severe than it is in the larger, central city areas.

The apparel manufacturing industry has historically been the employer of those persons who found it difficult to find jobs elsewhere. Over the last several years, we have been actively involved with various agencies such as the National Alliance of Businessmen and the Opportunities Industrialization Centers in our efforts to employ and train individuals in communities with severe unemployment problems. We expect to begin working more closely with federal and state manpower programs to establish a job training curriculum now that the Department of Labor has lifted its prohibition against needle-trade companies participating in U.S. Department of Labor-funded programs. Additional state or federal funding, or even greater financial incentives to those businesses which are willing to train and employ those persons in the central cities, should be helpful.

Certainly, local, state and federal government policies are a determining factor in deciding to expand or open a new facility. However, in our business there are other considerations such as population and income distribution trends, that are equally significant.

To reverse the exodus of industry and business from the central cities will require continued efforts to improve mass transportation, greater development of inner city housing, and renovation of downtown areas to make them safer and more attractive. We are committed to these programs and participate extensively with local officials in those central cities where we are located.

I sincerely hope your investigation into the problems of the central cities will yield positive results. If we can be of further assistance, please contact me.

Sincerely,

Jerome S. Gore

Jerome S. Gore

HERCULES INCORPORATED
WILMINGTON DELAWARE 19899

JOHN M. MARTIN
HONORARY CHAIRMAN

November 28, 1977

Subcommittee on the City Committee on
Banking, Finance and Urban Affairs
U. S. House of Representatives
604 House Office Building Annex 1
Washington, D. C. 20515

Gentlemen:

This is in reply to your letter of October 27, 1977, asking about Hercules central city locations. Since your letter did not define central or city, we are assuming central to mean downtown and city to mean population in excess of 100,000.

Of the various business operations you mention in paragraph three, only executive and sales offices apply to Hercules. As a large chemical manufacturer, we are not in light industry, do not operate component facilities, and our warehousing is best done on our plant sites. Likewise, chemical research and development, by its nature, is not suitable to downtown locations. We do, however, operate executive and sales offices in downtown locations in several major cities.

Following are answers to your specific questions:

1. Hercules center city operations are corporate headquarters and regional sales office activities, with the work force made up largely of professional, adiministrative, and clerical, white-collar employes with post-secondary education or training. These locations employ 8-10% of our 23,000 worldwide work force. Of these, two-thirds or about 1,600 people, are in our corporate headquarters in Wilmington, Delaware.

2. It is our intention currently to decentralize some of our headquarters operations which will have the inevitable effect of reducing employment in one metropolitan area through transferring employes to other, probably metropolitan, locations. We have no specific plans, however, to expand or contract center city operations per se.

3. Hercules strives to recruit through state employment agencies and to respond to the various minority, disadvantaged,

veteran, etc., programs such as the National Alliance of Businessmen--JOB and HIRE programs, Delaware Opportunity Industrialization Center, 70,001 Project, and programs under the Comprehensive Employment and Training Act (CETA).

We employ students from local high schools and colleges in cooperative education programs. While working part-time and attending schools, these students gain valuable knowledge and skills that prepare them for meaningful employment in our company and elsewhere.

We have a representative actively working on the Governor's Committee for the Employment of the Handicapped. This committee is engaged in encouraging the employment of handicapped workers and promoting awareness of the competence and availability of such individuals.

4. Except for the obvious and appropriate restrictions on locating chemical plants in central cities, we know of no federal governmental restrictions which discourage us from central city locations, nor of any federal action which could prompt us to increase our use of such locations. However, local tax policies can have a prohibitive effect on expanding operations in a given area. The increasing use, for example, of city wage taxes or so-called commuter taxes is not conducive to moving to a center city location if an attractive alternative is available.

We hope the above information is responsive to your needs, and we offer best wishes in your work.

Sincerely,

J. M. Martin

HEWLETT-PACKARD COMPANY
1501 PAGE MILL ROAD
PALO ALTO, CALIFORNIA 94304

JOHN A. YOUNG
PRESIDENT

November 9, 1977

The Honorable Henry S. Reuss, Chairman
Subcommittee on the City
House Committee on Banking, Finance and
Urban Affairs
604 House Office Bldg. Annex 1
Washington, D.C. 20515

Dear Mr. Reuss:

In response to your letter of October 27, 1977, concerning a commitment from major corporations to locate in high unemployment areas, the following comments are offered:

Approximately one third of our employees are either highly skilled or professional employees, and the proximity and quality of the living environment for them is of major importance in our site selection process. We have been successful in locating plants in or near high unemployment areas of smaller cities, but the larger city centers are not appropriate for our type of operations, products, and services.

Hewlett-Packard Company's operations are characterized by large, low-rise buildings on parcels of 100 acres or more in which research, manufacturing, marketing, and personnel functions are housed under a common roof, and people participating in these functions have direct access to one another. Our optimum operating division size is approximately 1000 employees, and each site is intended to accommodate one to four divisions. Further, being a growth company with very high technology manufacturing and research needs, we find that new sites and the latest construction are required to meet our needs. Given these characteristics which have proved essential to our business success, we are unable to make the commitment request in your letter.

In an effort to be helpful, we offer the following answers to your four questions:

1. Except for a very few of our sales and service employees, we have no operations in central cities. To the extent that these people can best meet city center customer needs, we will continue, and indeed increase, these operations. However, peripheral office locations generally give better mobility to service more customers at less expense and provide better work/home relationships. We encourage our sales employees to live within "their assigned territories" and close to their customers.

2. Central city locations have not been important to our operations, and we do not anticipate that this will change in the next five years.

3. We actively recruit in central cities within commute range of our plants. We have and do provide job training in locations of smaller cities where the unemployed have never had an industrial work experience.

4. We are not familiar with federal, state, and local policies pertaining directly to manufacturing in central cities, and therefore cannot say whether these are beneficial or harmful. We have actively supported improved public transit, including UMTA programs, to provide inexpensive transportation to low-income and transit-dependent people so that job opportunities are opened up to those who tend to be confined in the core areas of major cities.

It might be helpful to your staff to know of our corporate objectives, copy enclosed. I call your attention particularly to Objective 7 on Citizenship.

We understand the emphasis you are advocating for our major cities since serious problems exist that need careful planning and the cooperation of industry. We are working cooperatively with local officials on housing and transportation matters, and we believe progress is being made.

Sincerely,

John Young

John Young

(The following is an excerpt from a Hewlett-Packard statement of corporate objectives.)

HEWLETT-PACKARD

STATEMENT OF CORPORATE OBJECTIVES

7. CITIZENSHIP

OBJECTIVE: *To honor our obligations to society by being an economic, intellectual and social asset to each nation and each community in which we operate.*

All of us should strive to improve the environment in which we live. As a corporation operating in many different communities throughout the world, we must assure ourselves that each of these communities is better for our presence. This means building plants and offices that are attractive and in harmony with the community; it means solving instead of contributing to the problems of traffic and pollution; it means contributing both money and time to community projects.

Each community has its particular set of social problems. Our company must help to solve these problems. As a major step in this direction, we must strive to provide worthwhile employment opportunities for people of widely different backgrounds. Among other things, this requires positive action to seek out and employ members of disadvantaged groups; and to encourage and guide their progress toward full participation at all position levels.

As citizens of their community, there is much that HP people can and should do to improve it — either working as individuals or through such groups as churches, schools, civic or charitable organizations. At a national level, it is essential that the company be a good corporate citizen of each country in which it operates. Moreover our employees, as individuals, should be encouraged to contribute their support to the solution of national problems.

The betterment of our society is not a job to be left to a few; it is a responsibility to be shared by all.

HOUDAILLE

Houdaille Industries, Inc.
One Financial Plaza
Fort Lauderdale, Florida 33394

November 21, 1977

The Hon. Henry S. Reuss, Chairman
U.S. House of Representatives
Subcommittee on the City Committee
on Banking, Finance and Urban Affairs
of the Ninety-Fifth Congress
604 House Office Building Annex 1
Washington, DC 20515

Dear Representative Reuss:

In response to the subcommittee's letter of October 27, 1977, to Mr. Saltarelli, we can supply the following information:

1) Four of our twenty divisions are located in central city locations as that phrase is normally used. Altogether they employ approximately 1200 persons out of a total of 7200 employees.

2) We have no present plans to expand these facilities, although two have completed expansion programs within the past two years. The major factors were business decisions based on customer demands for products and government requirements for upgrading the facilities. I should add we have no plans to expand other facilities beyond programs presently under way.

3) Programs are conducted on a local basis at each division depending upon need.

4) The circumstances vary with the location and needs. Environmental and OSHA requirements have the potential to shut down two of the four plants. We assume they will not, but much struggling with red tape is involved. In states like New York and Ohio, state and local taxes and labor policies are an additional burden. It is doubtful if any program could induce us to go into an area that did not make basic business sense in the first place.

Very truly yours,

John Latona
Special Counsel

Henry C. Goodrich
Chairman and
Chief Executive Officer
317-262-0311

INLAND CONTAINER CORPORATION

November 4, 1977

Hon. Henry S. Reuss
Chairman, Subcommittee of the City Committee
on Banking, Finance and Urban Affairs
U.S. House of Representatives
604 House Office Building - Annex 1
Washington, D.C. 20515

Dear Chairman Reuss:

I share your concern over the situation which is occurring in our central cities and I very much appreciate the opportunity of sharing some of my thoughts with you on this subject.

The heavy concentration of deteriorating buildings, factories, facilities and housing within our central cities, coupled with the unemployment problem, makes this total situation a very complex issue. Certainly, there are no easy answers.

Inland Container Corporation is primarily engaged in the manufacture and sale of corrugated shipping containers and containerboard. The nature of our business is such that many of our facilities are located in rural areas. For example, our paper mills must be located where there is access to suitable water, wood and energy sources which are so essential to the paper making process. Also, a major factor in locating our converting plants involves the necessity to be in close proximity to our marketplace since corrugated boxes are quite bulky by nature and freight costs become one of the more significant items in determining location.

We do have some facilities which are located in central city areas, however, and I trust the following responses to your questions will be of assistance.

1. We currently have facilities located in the following central cities:

Type of Facility	City Location	No. of Employees
General Offices	Indianapolis, IN	333
Corrugated Box Plant	Indianapolis, IN	204
Corrugated Box Plant	Milwaukee, WI	126
Corrugated Box Plant	Erie, PA	195

Market Square Center / 151 North Delaware Street / Indianapolis, Indiana 46206

The total of 858 number of employees listed above represents 17% of our total work force of 4,921.

2. We have recently modernized and expanded our corrugated box plant in Milwaukee and are budgeting capital funds for expansion and improvement at our Erie, PA plant in 1978. The major factors which influenced these plans include:

   a. Expanding customer requirements.
   b. A need to improve the cost effectiveness of these older facilities.
   c. The necessity to maintain a competitive position and share of market in these geographic locations.
   d. Availability of adequate labor and employee skills.
   e. A healthy local business and economic climate.

3. Our primary recruitment source for central city plant locations is the local State Employment Security Division Office.

4. I offer the following comments regarding federal, state or local policies which might discourage or encourage us in maintaining or locating operations in central city areas.

   a. The organization of local government should provide an overall economic climate which encourages business in locating within the central city. Local economic development programs must be increased.
   b. Federal and local government funding programs need to be established to deal effectively with mass transportation requirements.
   c. Methods for property tax relief must be developed for central city residents and businesses to encourage a return to the central city.
   d. Income tax relief is necessary in many instances to encourage families to live and work in our cities.
   e. Incentives and supplementary funding must be provided by the public sector for restoration of depressed areas with suitable low cost housing.
   f. Adequate central city expressways must be provided for truck transportation and there must be suitable access to rail transportation for use by business and industry.
   g. Methods must be devised for upgrading worker skills working through local business, industry and government.
   h. Cities must improve their central city educational, recreational and neighborhood facilities to encourage migration towards the cities rather than away from the cities.
   i. Local governments must solve the problem of increasing crime rates through improvement of police services and implementation of citizens-watch organizations.
   j. Laws and judicial proceedings must be strengthened to effectively deal with criminal activity.

In summary, the local citizens, businesses and governments must move forward with aggressive development plans and programs to reverse this central city deterioration. This local action combined with help from the federal government in certain areas requiring heavy funding assistance, will certainly start us on the road to improvement of this critical central city situation.

Sincerely,

Henry C. Goodrich

Inland Steel Company
30 West Monroe Street
Chicago, Illinois 60603

312 346 0300

Inland Steel

November 30, 1977

Honorable Henry S. Reuss
Chairman, Subcommittee on the City
Committee on Banking, Finance and Urban Affairs
U.S. House of Representatives
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Mr. Reuss:

Mr. Frederick G. Jaicks has asked me to respond to your letter of October 27 concerning our experience and our views regarding central cities, their stabilization and/or survival.

The Inland Steel Company, because of its makeup, has a range of industries and businesses located in central urban areas in Chicago's loop, and our one steel mill in East Chicago, Indiana is located in the highly urban industrial complex of Northwest Indiana. On the other hand, our subsidiaries and divisions are headquartered and operated in various urban areas.

With this statement of our general background, we are pleased to respond specifically to your questions:

1.

City	No. Employees
East Chicago	23,000
Chicago	3,040
Milwaukee	1,169
Other Urban	
Baltimore	65
Buffalo	100
Cincinnati	196
Cleveland	286
Dallas	100
Dayton	92
Detroit	131
Houston	95
Indianapolis	73
Jersey City	296

1. (Continued)

City	No. Employees
Los Angeles	146
Miami	56
Minneapolis	115
New Orleans	101
New York	122
Philadelphia	129
Pittsburgh	134
San Francisco	90
Seattle	60
Spokane	54
St. Louis	135
Toledo	299
Total Inland Workforce	35,827

2. The current major expansion of our steelmaking operations in East Chicago, Indiana are discussed in the attached 1974 Annual Report, and shown in pages from an upcoming employee publication.

3. Several Inland operations have conducted on-the-job training (OJT) programs for disadvantaged unemployed people. Expenses for these programs were partially reimbursed by the U.S. Department of Labor. The most recently completed OJT program was funded through CETA and was administered by Chicago Alliance of Business Manpower Services (CABMS) which is the jobs arm of Chicago United, a local consortium of which Inland Steel was a founding and is an active member. (See brochure attached)

   Our Indiana Harbor Works at East Chicago has contracted with Recruitment and Training Programs, Inc. (RTP) - a non-profit, outreach and training agency to select, tutor and counsel minorities and females to enter our craft apprenticeship training programs. RTP's efforts have been very effective in preparing applicants to successfully pass entrance tests and otherwise qualify for apprentice training. RTP's program has raised the level of minorities passing apprenticeship tests from approximately 30% to over 80%. I understand that RTP operates on manpower grants from the Department of Labor.

4. The factors which affect site selection, retention and plant or office relocation, vary considerably from one type of operation to another. The economics of supply and distribution to markets are paramount considerations, of course, whether we are talking about a steel mill or a steel service center.

In general, recent governmental policies have encouraged the relocation of businesses away from older central cities. The development of the interstate highways, governmental defense policies, energy costs, federal/state/city housing policies, all have influenced the relocation and outflow of businesses from the central cities.

Consequently it will take a monumental effort to re-direct and support the revitalization of central cities. Our experience in Chicago with a major business consortium such as Chicago United indicates to us that such a private sector resource can be important in addressing the complexity of a central city revitalization. Government, without the partnership of the private sector, does not have the resources to revitalize our cities; business will not get involved in high-risk community or city revitalization without government incentives.

It is my view that private industry together with local and state governments, and citizen/community groups must all be involved in the solving of urban problems. The federal government must supplement the local efforts because of the size of the problem and the current sizable impact of federal policies and dollars on urban areas today. Priorities must be given where local urban areas have viable programs to help themselves which must include central business development as well as community and neighborhood development.

Metropolitan solutions should be developed as a matter of policy on all key issues such as housing, education, and employment.

Improved communication between business and government, with an emphasis on the opportunity for much more early input from the former, is greatly needed. A clear vehicle for gaining this communication should be established.

23-313 O - 78 - 14

I hope that these points are responsive to your request. Please keep us informed regarding the progress of your Subcommittee's work in terms of your own initiative or in terms of Executive Branch proposals to revitalize our central cities.

Sincerely yours,

J. Daniel Ray
Director - Public Affairs

(The referred to brochure re on-the-job training programs for disadvantaged unemployed people follows. The other attachments are retained in the files of the Subcommittee.)

CHICAGO UNITED

SIX NORTH MICHIGAN AVENUE
SUITE 1308
CHICAGO, ILLINOIS 60602 (312) 236-3769

Robert W. MacGregor ..... *President*
Kirk O. Hanson ..... *Director of Corporate Policy and Programs*
Harry S. Huggins ..... *Director of Urban Programs*
Jeanne L. Sigler ..... *Director of Urban Programs*
Karen H. Gould ..... *Project Coordinator*
Gwen Bryant ..... *Administrative Assistant*
Manzella Mitchell, Julie Volkmann ..... *Secretaries*
Georgian Rekash ..... *Bookkeeper*

CHICAGO ALLIANCE OF BUSINESS MANPOWER SERVICES

(A Service of Chicago United)

SIX NORTH MICHIGAN AVENUE
SUITE 1107
CHICAGO, ILLINOIS 60602 (312) 782-3726

Ray J. Graham,
Sears Roebuck & Company ..... *Chairman*
Andrew L. Ruff,
Borg-Warner Corporation ..... *President*
John Bauman
Illinois Bell Telephone Company ..... *Vice President*
Jack Fitzpatrick ..... *Secretary and Executive Director*

CABMS operates with a staff of eight professionals and three office assistants.

CHICAGO UNITED

CHICAGO UNITED

Chicago United is a consortium of leading black, white, and Latino business executives and professional people dedicated to the improvement of the socio-economic environment of the Chicago Metropolitan Area. It is a vehicle for maintaining open communication between minority communities and major businesses. It provides a forum for the discussion of problems and the development of solutions to those problems. Definitive action on specific business and social issues is made possible by the utilization of the combined determination, resources, and influence of Chicago United members.

Chicago United is a positive step in the direction of mobilizing member institutions to create a healthier, more viable city by providing equal opportunities for all of its citizens. The consortium concept enables member companies to coordinate their activities and resources for community improvement in a unified, coherent fashion to achieve positive results.

Incorporated in April, 1973 as a not-for-profit corporation, Chicago United has limited its membership to ranking executives of 20 major Chicago head-quartered corporations and a like representation of major black and Latino business and community organizations.

Each Chicago United Principal serves on one or more of nine Task Forces (Business Development, Construction, Education, Housing and Community Development, Youth, Jobs, Justice and Public Safety, Minority Economic Development, and Transportation) which provide policy and action programs for specific problem areas. Each Principal also appoints a Deacon —an officer or executive assistant from within his own organization — to work with the Task Forces and report directly to him. Other persons from corporations and organizations represented in Chicago United often work in one or more of the above areas of activity, and persons from other organizations are also frequently invited to work with Chicago United on specific projects.

Coordination of the Task Forces and of Chicago United's program is the responsibility of Robert W. MacGregor, President of Chicago United, and his professional staff.

The purpose of Chicago United is not to duplicate, but to complement other city organizations, both governmental and private, and to assist them in carrying out their programs. It seeks to identify the critical problems of the community and to harness the resources which can be directed toward the solutions of those problems. Chicago United does not make grants to other organizations, but facilitates and encourages the work of existing groups in key areas of activity. The effectiveness of Chicago United will be measured not by rhetoric but by the extent to which it contributes to a healthier Chicago and helps to bring about a better quality of life for all its citizens.

Chicago United's Task Force on Jobs conducts its employment programs through an incorporated organization, the Chicago Alliance of Business Manpower Services (CABMS). The CABMS mission is to facilitate the employment and development of human potential among the unemployed and underemployed, particularly minorities and females. Participants in the CABMS program are twenty Chicago United member companies; plans for expanding the program to non-Chicago United companies are being developed.

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Vice President
Operator Services
ILLINOIS BELL TELEPHONE CO.

Commerce Plaza
2015 Spring Road
Oak Brook, Illinois 60521
(312) 986-6600

interlake, inc.

H. HARRY HENDERSON
Vice President
Marketing and Public Affairs

January 6, 1978

The Hon. Henry S. Reuss
Attn:
Mr. Sylvan Kamm
U. S. House of Representatives
Subcommittee on the City
Committee on Banking, Finance, and Urban Affairs
604 House Office Building, Annex 1
Washington, D.C. 20515

Dear Mr. Kamm:

I appreciated the chance to talk with you recently about your subcommittee's central cities project. Hopefully, the following will provide additional perspective to your research findings.

Interlake employs about 12,000 people worldwide. U.S. employment is about 8,300. We do our best to maintain Interlake's operations in central city locations. At the same time, you recognize that our growth and expansion programs cannot be limited solely to central cities and/or high unemployment areas. Too many other factors go into plant site location.

Now, to answer your four questions:

1. The following Interlake facilities are located in what you defined as central city areas:

   Chicago - Coke ovens & blast furnace plant (10700 South, near the lake) 840 employees

   Chicago - Steel-making plant (135th & Perry Ave., Riverdale) 1,600 employees

   Newport, Kentucky - Steel-making plant (across the river from Cincinnati) 950 employees

   Toledo, Ohio - Coke ovens & blast furnace plant 400 employees

2. Please refer to page 2 of the enclosed '75 Annual Report. Note that part of Interlake's long range plan includes a goal to: "Maintain the competitive position of present businesses through adequate capital spending to broaden markets and achieve above-average profitability." This includes spending funds to maintain marginal, central city facilities and operations, as long as they can be operated profitably.

   More to this point: please refer to the Interlake, May 11, news release announcing a $20 million improvement program for our Wilder and Newport, Kentucky operations. This is one example of how we're keeping cadence with our long range goal to support and improve a troubled operation in a central city location.

   As you realize, many factors influence any decision concerning expansion, modernization, etc. Included: product, market, geography, raw materials, labor supply, utility rates and availability, etc. Profitability, of course, is the key bottom-line consideration.

3. For several years, Interlake has participated in National Alliance of Businessmen programs aimed at the unemployed, particularly in Toledo, Ohio and Chicago. Through these programs we've provided jobs to Viet Nam veterans and other unemployed individuals considered disadvantaged by reason of family income level and other factors.

4. There are many existing federal, state and local policies that make it extremely difficult to maintain profitable operations or to locate new operations in central cities. In my discussion with you, you ticked off quite a few. Rather than repeat those you've received from other corporation, I merely emphasize the following:

   - federal, state local tax policies
   - local property assessments and taxes which cause us and other corporations to bear an unbalanced share of the burden
   - in Chicago: the head tax
   - a seemingly endless proliferation of regulations and paper work

- unreasonable environmental control policies. We're required to install multi-level control equipment beyond what's really necessary for a safe, healthy environment. Generally speaking, most central city plants are older and crowded. This often makes installation of huge pollution abatement equipment difficult and expensive because of space limitations. An added burden: the multiplicity of agencies we're forced to deal with. For example, at our largest Chicago-area plant, we must answer to 21 different regulatory bodies (federal, state, county, municipal) for various phases of environmental control.

- the high costs generated by governmental regulatory programs. For example, OSHA impacts very heavily on the older, central city plants. Often unnecessary costs are added to an already heavy burden for these facilities.

- etc.

It's certainly not news to you that American business needs a much healthier climate for capital formation and corporate tax relief. In this connection, government should:

- extend investment tax credit to 12%

- eliminate double taxation on corporate dividends

- provide tax incentives for individual stock ownership

- urge city governments to establish incentives and local policies that encourage companies to maintain and improve central city operations.

We'll be most interested to receive any summary reports of your findings...and, more important, your recommendations and actions.

Sincerely,

Larry Henderson

(The May 11, 1977 News Release referred to follows. The annual reports referred to are retained in the files of the Subcommittee.)

FROM
Dee Engler
CORPORATE COMMUNICATIONS
AND PUBLIC RELATIONS

Commerce Plaza
2015 Spring Road
Oak Brook, Illinois 60521
(312) 986-6600

Interlake, inc.

FOR RELEASE: UPON RECEIPT

NEWPORT, KY., MAY 11, 1977 -- Interlake, Inc. today announced a $20 million program for improving its steel facilities in Wilder and Newport, Ky.

Reynold C. MacDonald, chairman and CEO, said the project will begin immediately with completion scheduled for early 1978.

"We're focusing on facilities to improve and broaden our flat rolled product line and to increase coil size," MacDonald said. "Our project will also boost steel production capacity about 30,000 net tons per year, enhancing yield and production efficiencies.

"Today's announcement marks the culmination of a very detailed study of our Newport facility," MacDonald pointed out. "We examined many alternatives and their impact on our customers, employees, suppliers, shareholders and the Newport area and Kentucky economy. We feel our decision is in the best interests of everyone involved."

Frank J. Burgert, Interlake president and chief operating officer, and Clifford R. Borland, plant manager, Newport Works, met late yesterday with Governor Julian Carroll in Frankfort to review the improvement plan.

Governor Carroll commended Interlake for its action. "I recognize the difficult decision that was facing the company. It would have been easy for them to shut down this unprofitable plant permanently. Instead they chose to improve it with due concern not only for themselves but for the citizens of Kentucky as well.

"We're proud to be able to attract and hold such excellent representatives of industry as Interlake. I pledge the support of the Commonwealth in working with them in the future as we have in the past for our mutual interest. Interlake has always been cooperative with the private and public sectors and we're looking forward to continued good relations."

Borland said the project should provide wider customer acceptance of a more competitive product line, increased job security and new employment opportunities in Northern Kentucky, where Interlake is the major private employer.

Borland also said Interlake has had a good working relationship with Kentucky's government agencies. Interlake has completed major air and water pollution control systems at their Newport and Wilder, Kentucky operations. The company received a Resolution of Commendation from the Kentucky House of Representatives for its latest major installation, a $2 million dust collection baghouse that removes pollutants from electric furnace operations.

At Newport, Interlake produces carbon and alloy steels, as well as spiral welded pipe, and electric welded pipe for underground transmission for oil, water and gas.

Interlake, Inc. is a world-wide corporation in metals and material handling. Metals include production of iron, steel, silicon metal, ferroalloys, ferrous metal powders, investment castings and die castings.

Material handling includes storage rack and systems, conveyors, sophisticated material handling systems, manual and automatic strapping tools and systems, steel and polypropylene strapping, stitching machines, shrink and stretch wrap systems, and dunnage products.

In 1976, Interlake reported international sales of $708.9 million and earnings per share of $6.61.

IBM International Business Machines Corporation

Office of the Vice President
Governmental Programs

1801 K Street, Northwest, Suite 1200, Washington, District of Columbia 20006

December 7, 1977

The Honorable Henry S. Reuss
United States House of Representatives
Subcommittee on the City
Committee on Banking, Finance and Urban Affairs
604 House Office Building, Annex 1
Washington, DC 20515

Dear Congressman Reuss:

Thank you for your letter of October 27 asking about IBM's activities in central cities. Frank Cary, IBM chairman, has asked me to respond for him.

IBM has sales offices in central cities throughout the United States, and in recent years, has consolidated activities into owned facilities (or is now doing so) in a number of urban renewal areas, including Pittsburgh, Columbus, Baltimore, Philadelphia, Kansas City, Memphis, Springfield (MA), Lubbock (TX), and St. Louis. In recent years, activities have also been consolidated in downtown Chicago, Cleveland and San Francisco. IBM also has small manufacturing plants in the Bedford/Stuyvesant section of Brooklyn (NY), and Washington, DC. These combined activities total approximately 65,000 employees, which is 39 percent of our US population of 168,000. The Brooklyn plant employs approximately 400 people; the Washington plant about 300.

Sales and service offices generally are in close proximity to customer locations, and future expansion of these depends on the growth of IBM's customer base. IBM is replacing its leased 70-year-old manufacturing facility in Bedford-Stuyvesant with a new 168,000 square-foot plant, which is scheduled for completion next year. No increase in employment there is contemplated over the next few years. The company currently has no plans to open additional manufacturing/warehousing space in central city areas in the near future.

Much of IBM's hiring is done through its branch offices, located in almost every major city in the country. Additionally, we have centralized employment offices located in a number of cities, including New York, Washington, Chicago, and Los Angeles. With the exception of some programs run in cooperation with the National Alliance of Businessmen in 1968-1969, we do not, as a practice, offer training programs specifically devised to lead to jobs with IBM. However, we have, in cooperation with community groups, loaned IBM equipment, supplies, and sometimes our people for the purpose of providing central city residents with job skills necessary to secure employment.

In New York City, Los Angeles, Chicago, Dallas, and Atlanta, IBM, in cooperation with others, has participated extensively in major computer job training centers which have trained almost 2,500 inner-city residents. Over 75 percent of the trainees have found employment. IBM also has contributed resources to many other smaller job training programs for central city residents.

IBM, like other corporations, bases decisions on where to locate its facilities on many factors. Business opportunities, proximity to customer locations, and a prospective site's physical and economic qualities are perhaps preeminent in such decisions.

Since IBM is a high-technology company with specialized personnel and other needs, we don't feel we can offer any general advice on specific government policies that would encourage business to locate in urban areas.

Sincerely,

Charles E. McKittrick, Jr.

INTERNATIONAL PAPER COMPANY
220 EAST 42ND ST., NEW YORK, N.Y. 10017, PHONE 212 490-6000

December 5, 1977

The Honorable Henry S. Reuss
Chairman
Subcommittee on the City
Committee on Banking, Finance &
Urban Affairs of the 95th Congress
U.S. House of Representatives
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Congressman Reuss:

Your letter of October 27, 1977 to J. Stanford Smith, Chairman and Chief Executive Officer of the International Paper Company has been referred to me for response. We at IP share your concern with the plight of the nation's central cities and believe that a joint partnership between government and the private sector is needed.

Our numbered responses below correspond to the numbers of the questions in your letter.

1) IP operations maintained in central cities, and the percentages of our domestic workforce which they employ are as follows: (1)

Headquarters Facilities	4.0	Folding Carton & Label Plants	2.5
Corporate Affairs Office	*	Packaging Systems Plant	*
Research Facility/Mill	6.2	Cabinet Plant	*
Bagpak Plants	1.0	Distribution Centers	.6
Standard Products Plant	1.3	District Office	*
Single Service Plants	1.6	Factory/Offices	3.2
Container Plants	2.0	*less than .5%	

2) Information on expansion or contraction of these operations cannot be disclosed for competitive reasons.

(1) All figures a/o 3/31/77

3) Nationally, IP sponsors a number of organizations which address themselves to unemployment in the central cities. Among these are the National Urban Coalition and the National Urban League, both of which have programs aimed at reducing unemployment in the inner cities; The National Council of Negro Women which offers educational courses and information services on employment opportunities for Black women; CATALYST, which offers a similar program for college-educated women; and The Committee for Economic Development which conducts research and analytical projects on the problem of unemployment.

   In addition, the Company sponsors several organizations which are specifically concerned with unemployment in New York City. These include the New York Urban Coalition, The Puerto Rican Development Institute, the Mayor's Summer Employment Program, The Corporate Special Projects Fund of New York Community Trust and The National Alliance of Businessmen.

4) As demonstrated by IP's decision in October 1976 to maintain its headquarters in New York City, the Company would be, and is, encouraged by state, city and local policies that foster a good business climate. These would obviously include sensible fiscal and tax policies, safe, clean streets and a recognition by government officials of the basic needs of business.

   Conversely, IP would be discouraged by bureaucratic policies and procedures that inhibit the firm's creative energies, as well as by prohibitive rent and tax rates. Another important deterrent to maintaining operations in central cities would be the undue influence therein of pressure groups not in the Company's best interests.

If we can be of further assistance, please let us know.

Sincerely,

R. W. Holland

Dr. R. William Holland
Manager
Affirmative Action Programs

International Telephone and Telegraph Corporation

World Headquarters
320 Park Avenue
New York N.Y. 10022
Telephone (212) 752-6000

Edward J. Gerrity, Jr.
Senior Vice President

December 20, 1977

The Honorable Henry S. Reuss
Chairman, Subcommittee on the City
U. S. House of Representatives
604 House Office Building
Washington, DC 20515

Dear Mr. Chairman:

We are pleased to respond to your letter requesting information about the operations in central cities of International Telephone and Telegraph Corporation although, due to the manner in which our company is organized, it is difficult to provide specific quantitative answers to some of your questions.

Our general commitment to the central cities, however, is certainly clear. Our corporate headquarters and seven of our major subsidiaries are located in central cities and, unlike a number of other corporations, have no intention of moving.

Our corporation has some 80 units in the United States with installations in more than 200 cities and towns. We have vigorous Equal Employment Opportunity and Affirmative Action programs both at the corporate and unit level. These programs, as you realize, however, are not directed exclusively at the central cities. The attached report will give you a quick overview of our operations. Additional details could be obtained from the U. S. companies listed on page 18.

Here are specific responses to your questions to the extent that we can compile them:

1. Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?

...Three of our larger subsidiaries, by virtue of their products and services, are heavily represented in central cities and draw on these areas for their employees: 1) ITT Continental Baking has 66 installations nationwide which employ 33,149 persons. 2) The Sheraton Corporation has 47 corporate owned, managed, or leased hotels which employ 13,970 persons and another 290 franchise Sheraton hotels which employ 29,400 persons who are not counted as ITT employees. 3) ITT Service Industries Corporation, which is engaged in building maintenance, security, and institutional feeding services, employs 8,733 persons. Though not usually included in U. S. ITT employee totals, an additional 1,450 persons are employed at several ITT operations in San Juan, Puerto Rico, a city which I assume is included in the purview of your committee.

In addition to ITT corporate headquarters in New York City with 1,600 employees, ITT subsidiaries with headquarters in central cities include: ITT Rayonier in New York City with 241 employees; ITT World Communications in New York City with 1,365 employees; the Sheraton Corporation in Boston, MA with 400 employees; ITT Grinnell Corporation in Providence, RI with 630 employees; The Hartford Fire Insurance Company in Hartford, CT with 4,000 employees; and ITT Publishing in Indianapolis, IN with 740 employees.

If the total of all the employees of the above units were taken as a reflection of ITT involvement in central cities, the number would be roughly 56,000 persons within a nationwide work force, including Puerto Rico, of 131,500 persons.

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2. What plans do you have to expand or contract these operations in the next five years? What factors have influenced these plans?

...The respective ITT companies operate as separate profit centers and from time-to-time expand in keeping with the market growth of their particular products and services. No corporate-wide projection of this expansion is available except for the Sheraton Corporation which has announced plans to open 35 new hotels by 1980. General factors related to expansions in central cities will be discussed in our response to your question No. 4.

3. What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?

...Recruitment and other specific personnel practices are under the jurisdiction of and are carried out by the individual ITT companies. Corporate headquarters itself participates in a number of state and federal recruitment programs and also encourages and facilitates the individual companies doing likewise. The corporation recently reported to the NAB Project HIRE, for example, that of 16,855 persons recruited by ITT companies in the first nine months of this year, 1,784 were Vietnam veterans. Headquarters has also participated in NAB summer hire programs and encouraged units to do so. Also in New York, ITT has a special work-study employment program for students studying secretarial science at LaGuardia Community College, an institution deliberately located in Long Island City, Queens, because of the area's hard-core unemployment.

In the three units cited in our response to question No. 1, since their lines of business rely almost completely on employees from central cities, no special recruitment or job-training programs directed at the central cities are necessary.

4. Which existing federal, state, or local policies, if any, discourage you from maintaining or locating operations in central cities? What new governmental policies would encourage you to maintain or locate operations in these areas?

...High property, sales, and income taxes, stringent and inflexible pollution control laws, greater union demands, and lack of investment incentives make it difficult to maintain or locate operations in many of the central cities. In addition, a lack of sound transportation policies are a deterrent to investment. On the federal level, recently enacted legislation and proposed legislation have a negative impact on a company's plans to expand, relocate, or close an operation in the cities. The large minimum wage increase will impede expansion of jobs for the marginally employable. House-passed revisions to the National Labor Relations Act will also have a negative impact on a company's growth. The proposed common situs picketing bill will do little to create jobs in the central cities.

While the President's Tax Reform proposals have not been submitted to the Congress, reports indicate that they will contain provisions dealing with business entertainment expenses. These would seriously impact the food-lodging industry and could force as many as 500,000 people out of jobs. As previously cited, Sheraton Corporation is a large employer in that industry and would be adversely affected by any such policy or law.

ITT companies, as is the case with our Headquarters in New York City, have made a commitment to many central cities, but we need more evidence that we are wanted in these locations. We would like to see more realistic pollution control laws, lower taxes, and investment incentives. We would also welcome objectivity on the part of elected officials in the area of disputes between labor and management. Finally, we would look to better transportation policies both to move our goods and services and to provide decent and reliable transportation for our employees.

I hope this information and the attachment will be helpful to your committee in its efforts. If we can provide additional information or be of other assistance, please call on us.

Sincerely,

E. J. Gerity, Jr.

Attachment

(The referred to report has been retained in the Subcommittee's fil

KERR-McGEE CORPORATION
KERR-McGEE CENTER • OKLAHOMA CITY, OKLAHOMA 73125

December 1, 1977

Honorable Henry S. Reuss, Chairman
U. S. House of Representatives
Subcommittee on The City
Committee on Banking, Finance and
Urban Affairs
604 House Office Building Annex
Washington, D. C. 20515

Dear Sir:

Thank you for your Committee's 10/27/77 letter to our Chairman, Mr. D. A. McGee. Our answers to the questions you posed in your letter are attached. If we can be of further assistance to you, please advise.

Very truly yours,

John O. Bodman

John O. Bodman
Director, Human Resources

Attachment

RESPONSE TO QUESTIONS ASKED IN LETTER OF OCTOBER 27, 1977
TO D. A. McGEE, CHAIRMAN, KERR-McGEE CORPORATION FROM
U.S. HOUSE OF REPRESENTATIVES, SUBCOMMITTEE ON THE CITY,
COMMITTEE ON BANKING, FINANCE, AND URBAN AFFAIRS

1. Question: Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?

   Answer: Presently we have various operations in 83 central cities within 78 of the 272 Standard Metropolitan Statistical Areas). These operations consist of executive and sales offices, distribution and warehouse centers, chemical processing plants, a research and development center, and gasoline service stations. Located in the 83 central cities are 3,840 employees out of our total work force of 12,100. The largest concentration is 2,000 in our headquarters city of Oklahoma City, Oklahoma.

2. Question: What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?

   Answer: We plan expansion of the operations in 15 of the above central cities to include the net addition of approximately 840 employees. About 54% of this increase will be in Oklahoma City. The major factors which have influenced these plans are the normal business considerations involved in assessing profit opportunities.

3. Question: What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?

   Answer: We participate in three recruitment programs, (a) posting of open positions with the appropriate state employment service offices for all jobs paying under $25,000 per year, (b) Work Incentive Program (WIN) which is specifically aimed at removing individuals from the unemployment roles, and (c) Help through Industry Retraining and Education (HIRE) which is a new program initiated by President Carter for the hire of veterans. In Oklahoma City we also conduct our own Skills Training Program. This program is designed to raise the level of qualifications of unemployed office personnel to acceptable standards.

4. Question: Which existing federal, state, or local policies, if any, discourage you from maintaining or locating operations in central cities? What new governmental policies would encourage you to maintain or locate operations in these areas?

Answer: There seems to be ample evidence to support the belief that the hard core of unemployed in the central cities includes a high percentage of chronic abusers of the social welfare system. At the same time, employers encounter a lack of skilled workers in certain fields. Perhaps one of the first solutions would be to redesign the social welfare program and create an incentive for the unemployable to learn a skill or semiskill and become employed.

In the last decade many cities have enacted sales taxes and increased property taxes in an effort to solve their fiscal problems which are principally attributable to inflation. Such high local taxes discourage employees from living in central cities and discourage industry from maintaining or establishing operations in central cities. Therefore, the continuation of federal effort to curb inflation is imperative.

In summary, two principal problems requiring attention by all levels of government are the unemployability of a large segment of the unemployed and high local taxes caused by inflation.

Koppers Company, Inc., Pittsburgh, Pa. 15219
Telephone 412-227-2727

Fletcher L. Byrom
Chairman of the Board

KOPPERS

November 30, 1977

The Honorable Henry S. Reuss
Chairman, Subcommittee on the City Committee
on Banking, Finance and Urban Affairs
of the Ninety-Fifth Congress
U. S. House of Representatives
604 House Office Building Annex 1
Washington, DC 20515

Dear Congressman Reuss:

Regarding your letter of October 27, 1977 on the unemployed in our nation's central cities, the following is in response to your four questions. Needless to say, we at Koppers share your concern.

For the purposes of your inquiry, we have interpreted central city to mean "urban area" -- a somewhat broader connotation. We have very few operations actually located in the central core-area of any city, but if one were to consider the outer fringes of the geographic locations mentioned below, the aggregate Koppers work force reaches a substantial number of people -- approximately 7,200 out of a total employee population of 16,000. This figure includes our General Office in Pittsburgh where 1,700 persons are employed.

Question #1 -- Operations located in central cities.

A.	General Office	- Pittsburgh, PA
B.	Divisional Office	- Baltimore, MD
C.	Subsidiary Companies	- Milwaukee, WI, Buffalo, NY
D.	Manufacturing Plants	- Baltimore, MD (5), Denver, CO, Houston, TX (2), Chicago, IL (2), Erie, PA, Newark, NJ, Kearney, NJ, Youngstown, OH, Birmingham, AL (2), Kansas City, MO, Montgomery, AL, North Little Rock, AR, Garwood, NJ, St. Louis, MO, Follansbee, WV, St. Paul, MN, Cleveland, OH

Question #2 -- Future plans, influential factors.

A. This is a difficult question to answer precisely. As a tentative listing of those operations that would currently be considered as "expansion" possibilities, the following cities would be beneficiaries of such growth:

Pittsburgh; Baltimore; Chicago; Erie; Birmingham; Montgomery; Follansbee, WV (Steubenville, OH area); Cleveland

B. Major factors influencing our plans:

With the exceptions of our Corporate headquarters in Pittsburgh and our two divisional headquarters in Baltimore, the two most important factors are market growth (or the lack of it) and a proximity to raw material supplies. Our products are industrial in nature rather than consumer-oriented. Therefore, they do not necessarily relate directly to the population at specific locations for major market opportunities.

Question #3 -- Company-sponsored recruitment/job-training activities.

At present, we are not conducting any programs specifically geared to reducing the number of urban unemployed. We have held government contracts in past years, however, which enabled us to provide skills training for disadvantaged persons at several Company locations. We have also been active in Baltimore in working with the State of Maryland on apprenticeship programs for the skilled craft professions. The last series of programs involved three groups of 46 people who were trained in machine shop techniques during the year 1975; smaller, pilot programs were also run for those interested in hydraulics and electronics. Unfortunately, although the Maryland state authorities were pleased with the results, they did not follow up on these initial ventures. Naturally, though, with the number of central city or urban area operations listed above, we recruit locally for current job vacancies as they become available. On-the-job training is then provided for the new employees.

As another way of attacking the problem of the unemployed, Koppers continues to be active in a number of youth-oriented inner-city programs; although they may yield a new employee for us eventually, their primary aim is to provide part-time work experience and an orientation to the industrial work environment in general for high school students. These include Pittsburgh's Urban Youth Action; NAB's GOLD program (Guided Opportunities for Life Decisions); and Junior Achievement's "Project Business" -- a team-teaching concept involving company representatives who build a curriculum of business/economic subjects and then actually instruct classes at local high schools.

Another interesting approach to attracting high school students to consider entering the business world is the Scouting U.S.A.'s "Contemporary Exploring" program. Koppers has set up over 25 posts across the country with Company employees voluntarily acting as group leaders; each holds monthly meetings in our facilities to discuss real business situations and to work on projects of interest to the young people. It may interest you to know that Koppers' president, Douglas Grymes, was instrumental in developing this concept and recently completed his term of office as National Chairman of the program.

As you can gather, we strongly believe in supporting local and national programs and/or agencies that address the fundamental causes of unemployment: lack of understanding about what it means to work for a living, lack of initiative to search for an employment opportunity; and finally, a lack of adequate job skills to qualify for a position, once one is located. By working with inner-city youths at these early stages, we hope that we can help to reduce <u>future</u> unemployment problems.

<u>Question #4</u> -- Negative/positive governmental policies affecting Koppers' central city operations.

We cannot cite specific instances where government policy alone has either favorably or unfavorably influenced us in our decision on where to locate a Koppers plant in a certain city. The business climate and the market potential of the area are almost invariably the primary factors in our considerations. Yet, there are a number of additive items that we weigh carefully, and some of these are directly impacted upon by governmental action or the reverse, by lack of attention on the part of local, state, or Federal authorities:

1. State and local taxes in urban areas often make the establishment of a new plant facility unattractive. The tax base appears to be shifting more and more on to business or corporate institutions.

2. Crime in some central city areas can create a safety problem for employees.

3. Inadequate infrastructure in many urban areas -- transit systems, housing, educational programs.

4. Welfare programs in some cities are managed in such fashion as to create dis-incentives for both potential employees and employers, regarding the implementation of expensive skills-training programs.

I appreciate this opportunity to present my comments on the critical issues with which you are trying to deal. The responses that we have supplied do not include any startling solutions that will reverse the trend toward decay in some of this nation's most vital cities. All thoughtful people in positions of leadership, whether in the public or private sector, give the resolution of this problem a high priority.

Speaking for Koppers Company, I wish you success in your deliberations, and hope that you will continue to call on us when you deem it appropriate to do so.

Sincerely,

F. L. Byrom

Fletcher L. Byrom

The LTV Corporation
Dallas, Texas

1155 Fifteenth Street N.W. • Washington, D.C. 20005 • Tel. (202) 659-2025

Senior Vice President

December 9, 1977

The Honorable Henry S. Reuss
U. S. House of Representatives
Washington, D. C. 20515

Dear Mr. Chairman,

This is in response to your letter of October 27, 1977, requesting information on central cities locations for use by the Subcommittee on City Committee of Banking, Finance and Urban Affairs.

As your letter was addressed to Mr. Paul Thayer, Chairman of the LTV Corporation, we have endeavored to provide you with as much information as possible from each of our major subsidiaries. Enclosed are the responses from the Jones & Laughlin Steel Corporation and from Wilson Foods Corporation. Our other major subsidiary, the Vought Corporation, which is located primarily in Grand Prairie, Texas, does not have any significant facility which would fall under the definition of a central city location. However, they do conduct recruitment and training programs as well as equal opportunity programs which, while not specifically aimed at the unemployed in the central city of Dallas, no doubt attract a number of employees who reside in that area. Vought's five-year outlook does not contemplate any significant change or expansion into urban locations.

We hope the enclosed information from the Jones & Laughlin and Wilson Corporations will be helpful to the Committee in its proposals to aid city economic conditions and attendant unemployment problems.

With kindest regards.

Sincerely yours,

Forbes Mann

Forbes Mann

Response from the Wilson Foods Corporation to October 27, 1977 letter on central city problems from the Subcommittee on the City Committee on Banking, Finance and Urban Affairs.

(See letter dated December 9, 1977 from Mr. Forbes Mann, LTV Corporation)

Question #1: Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?

Response: We currently have five facilities in central city locations. They are listed below:

Location	No. of Employees	% of Employees
Calumet City, Ill.	81	.7
Cedar Rapids, Ia.	2,019	16.0
Des Moines, Ia.	424	3.5
Louisville, Ky.	807	6.7
Oklahoma City, Ok.	1,040	8.7

Question #2: What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?

Response: The Louisville plant will probably be replaced in the next five years. It is well located to serve an important market. The Des Moines pork slaughtering plant will probably be closed. It is an obsolete facility with difficult air and water pollution problems.

Question #3: What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?

Response: Because of the location of our plants, and the wage levels of our positions, we do little actual recruiting. Most entry level position openings are filled by word-of-mouth advertising from our own employees.

Due to the nature and location of our business, we receive a steady flow of applicants, many of whom are from the inner-city unemployed. These walk-ins are given applications, and, as job openings occur, they are screened for qualifications and called in for offers. In addition to these sources, we list our job positions with the closest State employment office, who, in turn refers candidates to us for application.

In addition, we work with specific individuals or organizations to secure minority or disadvantaged personnel for our Affirmative Action Program. We are currently working with the Urban League in their CETA project. In a number of locations we work with special State representatives securing Vietnam veterans for position openings.

All entry level hires are given on-the-job training to prepare them to meet the requirements of their position. In our hourly workforce, bidding for higher skill level jobs is a union requirement based on length of service. The individual selected for a higher position is given training over a 30 day period to achieve a satisfactory performance level.

Training in our salaried staffs is company-sponsored through seminars, workshops, and outside programs. We also encourage our employees to better themselves through use of our 75% Tuition and Cost Refund Program, available to all salaried employees for work related educational courses.

All of our training opportunities are available to employees generally, with no training activities offered to only a specific group of employees. Thus, any employees who are hired from the unemployed ranks of the central city are eligible for participation in all appropriate training programs.

Question #4: Which existing federal, state or local positions, if any, discourage you from maintaing or locating operations in central cities? What new governmental policies would encourage you to maintain or locate operations in these areas?

Response: The existing policies that permit the duplication of environmental, health and labor functions amongst the Federal, State, and city governments has caused extensive delays in operating businesses as well as large and many times unnecessary operating expenses.

A new government policy for the consolidations of these Federal, State, and city activities into one centralized organization or activity.

STEEL

December 5, 1977

Response from the Jones & Laughlin Steel Corporation to October 27, 1977 letter on central city problems from the Subcommittee on the City Committee on Banking, Finance and Urban Affairs.

(See letter dated December 9, 1977 from Mr. Forbes Mann, LTV Corporation)

I. Attached is a list of J&L operations located in central cities along with employment figures as of the end of October, 1977. Figures for salaried employees indicate the actual force employed at the location. Hourly employment figures are broken down into (a) total roll force figures, (b) number of employees scheduled to work the week ending October 29, 1977, (c) the number laid off for that week, (d) number on vacation and (e) employees not working for other reasons (sickness, AWOL, military leave, etc.). J&L employed a total of 24,923 hourly employees and 6,369 salaried employees in October, 1977.

II. Except for the modernization of certain facilities (e.g., installation of Electric Furnaces at the Pittsburgh Works in early 1979 and subsequent shutdown of the Pittsburgh Works Blast Furnaces), present plans do not call for major expansion or contractions of the listed facilities in the next five years. However, the economic condition of the Corporation and the steel industry in general would obviously have a major impact on future expansion or contraction. Of course, those economic conditions are influenced by many factors such as import levels, environmental costs and reasonble price levels.

Jones & Laughlin Steel Corporation, 3 Gateway Center, Pittsburgh, Pennsylvania 15265

III. The Corporation is an affirmative action employer and under the provisions of Consent Decrees entered into with the Federal Government, affirmative steps have been and will continue to be taken to seek to employ and advance in employment members of minority groups, many of whom are located in the central cities where the Corporation has operations. Included in the job-training activities is a trade and craft apprenticeship program at several of the listed operations in which employees are trained to fill various craft jobs. In addition, we have sponsored from time to time courses such as basic arithmetic and improved writing skills.

IV. Environmental restrictions imposed by various governmental agencies discourage the maintenance of steel operations in central cities. Such operations are generally older facilities that require enormous capital expenditures to meet environmental standards. Perhaps the most practical and realistic policy change would be a recognition of this fact and a relaxing of standards or timetables for implementation of pollution controls on existing equipment. In addition, we believe that some form of tax relief is appropriate.

As older, less efficient facilities, our center city operations are generally the first to reduce force during economic downturns in the Corporation and in the steel industry. Import levels contribute heavily to the fortunes of the industry and can directly affect employment at our facilities. A fair and reasonable policy with respect to imports can help to create greater employment levels at such facilities.

EMPLOYMENT FIGURES FOR JONES & LAUGHLIN STEEL CORPORATION OPERATIONS LOCATED IN CENTRAL CITIES AS OF OCTOBER, 1977

	Location	Total Roll	Scheduled To Work	Laid Off	Vacation	Other	Salaried
1.	Pittsburgh, Pennsylvania Works	5,081	4,391	272	167	251	740
2.	Cleveland, Ohio Works	3,865	3,549	75	112	129	743
3.	Cleveland, Ohio Steel Service Center	42	40	0	1	1	36
4.	Hammond, Indiana Cold Finished Bar Plant	254	236	0	5	13	61
5.	Warren Specialty Steel Plant (Detroit, Michigan)	655	381	201	26	47	106
6.	Detroit, Michigan Steel Service Center	50	46	0	0	4	37
7.	Indianapolis, Indiana Specialty Steel Plant	104	94	0	1	9	34
8.	Indianapolis, Indiana Steel Service Center	109	94	0	8	7	67
9.	Youngstown, Ohio Specialty Steel Plant	296	279	0	7	10	85
10.	Cincinnati, Ohio Steel Service Center	82		(Strike)			38
11.	Chicago, Illinois Steel Service Center	93	85	0	0	8	75
12.	Memphis, Tennessee Steel Service Center	75	69	0	1	5	44
13.	Nashville, Tennessee Steel Service Center	42	41	0	0	1	26

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LIBBEY-OWENS-FORD COMPANY 811 MADISON AVENUE, TOLEDO, OHIO 43695

ROBERT G. WINGERTER
CHAIRMAN OF THE BOARD

November 29, 1977

Honorable Henry S. Reuss
Chairman, Subcommittee on the City
Committee on Banking, Finance and Urban Affairs
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Congressman Reuss:

This is in response to your Committee's letter dated October 27 relative to employment problems of our central cities.

A significant percentage (about 55 percent) of our U.S. employees presently work in plants and offices that are adjacent to central city employment problem areas. Those locations do draw upon the central city areas for a large number of their employees. Our company has also been a long-standing participant in National Alliance of Businessmen and other programs that promote employment opportunities for core city, minority and disadvantaged residents. Our responses to your four questions are as follows:

1. As stated above, our plants and offices that are located in problem employment areas are not in every instance located in what is normally termed a "central city" location. Although they do draw employees from core areas, the plant locations may be in industrial areas that are on the perimeters of the city or in adjacent municipalities. With that description, the following locations would seem to answer the question posed:

Location	Approximate Number of Employees
Los Angeles, California	350
Atlanta, Georgia	155
Detroit, Michigan	88
Jackson, Michigan	847
Spring Arbor, Michigan	215
Cleveland, Ohio	296
Toledo, Ohio	5,725
Youngstown, Ohio	417
Brackenridge, Pennsylvania	196
Charleston, West Virginia	419

The above plant and office locations employ approximately 8,700 people representing about 54 percent of total domestic employees. Sales offices in various larger cities would add to those numbers.

2. At present we have no plans to expand the above central city employment levels or operations significantly in the next five years. Generally, the efficiencies and costs of manufacture in these locations do not compare favorably with other plant locations in lesser problem areas. Economic and customer service considerations also lend towards locating needed plant expansions at other locations. More difficult union problems, higher tax costs, community attitudes, and environmental matters are other considerations.

3. Active and cooperative NAB programs and other minority community relationships are used by our company.

4. Policies of federal, state or local governments that discourage new capital commitments seem particularly adverse in larger population areas. Trends toward greater use of tax abatements, tax incentives and job training programs have been and can be helpful.

Much of U.S. industrial expansion during the past 30 years has taken place in widely dispersed areas of the country, quite removed from larger population centers. In many ways, that trend has been healthy for the U.S. because it parried the growing concentration of population in crowded areas with its many attendant problems. That has also meant some retardation in the growth of unskilled job opportunities in central cities while their populations took on a higher percentage of residents who hold lower job skills. Your committee's thoughts for attracting distribution and warehouse centers, light assembly operations and repair facilities would appear to carry the most promise for creating new employment opportunities of the kind most needed.

Obviously, the location of R&D centers along with corporate and sales offices can add importantly to the viability of central cities but the proportion of low-skilled job opportunities created by those commitments will not prove as attractive per dollar of capital investment.

Sincerely,

R G Wingerter

Robert G. Wingerter

LITTON INDUSTRIES 360 North Crescent Drive, Beverly Hills, California 90210 213 273-7860

George W. Fenimore, Vice President and Secretary

January 6, 1978

Honorable Henry S. Reuss
Chairman, Subcommittee on the City
Committee on Banking, Finance and
Urban Affairs
604 House Office Bldg. Annex 1
Washington, DC 20515

Dear Chairman Reuss:

The following information is provided in response to your recent letter to Mr. Charles B. Thornton, Chairman of the Board of Litton Industries, Inc. Your letter does not specifically define the terms "corporations operations" or "central cities," so we have assembled the following information keeping in mind what we perceive you are seeking to achieve, i.e., the development of policies or programs which will result in jobs for the unemployed in our older city areas.

There are manufacturing, warehouse or office facilities of Litton Divisions, employing more than fifty employees, in older city areas, as follows:

Facility	Approximate Number of Employees
American Book 450 West 33rd Street New York, NY	250
Clifton Precision Broadway and Marple Clifton, Heights, PA	750
Eureka X-Ray Tube 3250 No. Kilpatrick Ave. Chicago, IL.	150
Hewitt-Robins 270 Pasaic Ave. Passaic, NJ	200
Jefferson Electric 840 - 25th Avenue Bellwood, IL	650
Kester Solder 4201 Wrightwood Ave. Chicago, IL	150

Facility	Approximate Number of Employees
Kimball Systems 6750 Belt Circle Dr. Bedford Park, IL	100
Litton Financial Printing 6920 E. Slauson Ave. Los Angeles, CA	200
Litton Precision Gear 4545 So. Western Blvd. Chicago, IL	225
Litton Office Products Centers Olympic Office Supply 305 Broadway New York, NY	125
Litton Office Products Centers Plimpton's 184 Windsor Ave. Wilson, CT	100
Litton Office Products Centers Atlas Stationers 364 So. Anderson St. Los Angeles, CA	50
Louis Allis 427 E. Stewart St. Milwaukee, WI	1,000
Lucas Machine 12302 Kirby Ave. Cleveland, OH	260
Potentiometer 226 E. Third St. Mt. Vernon, NY	250
Royal Typewriter 150 New Park Ave. Hartford, CT	650
Storms Drop Forging 160 Cottage St. Springfield, MA	225
Total	5,335

This total of 5,335 employees represents about 8% of the total number of employees at domestic divisions of Litton.

Just one of these divisions is presently implementing plans to build new facilities in areas outside of its present location, primarily because of a need to be geographically located closer to the market being served. It is anticipated the existing facility will remain in operation. Another division is planning to relocate in a new facility within the same area where it presently is located. While none of the other divisions has presented specific plans calling for significant plant expansion or contraction within the next five years, we do recognize that future circumstances could bring forth for consideration such plans.

All divisions of Litton operate under Affirmative Action Programs designed to result in the hiring of minorities and females. We believe one of the natural results of the implementation of these plans is to provide jobs for the unemployed.

With respect to your inquiry about existing governmental policies which might discourage or encourage continuing operations in a central city area, we offer the following comments, which necessarily may be somewhat subjective:

1. Many state or local authorities seeking new business offer incentives to relocate in their states or communities. There are few similar incentives to remain or relocate in a central city area.

2. Tax treatment for businesses relocating in some states may be more favorable than in states where older cities are situated.

3. When considering whether to stay in an "old" plant or relocate, the cost of complying with OSHA requirements may be a significant factor, among others.

4. In the same vein, "old" plants are less energy efficient than new facilities, and energy or a secondary source of energy may be more readily available in less industrialized areas than in central city areas.

5. Most of our older city areas have become highly industrialized over the years, and during this period of industrialization, have become heavily unionized. Many of these mature union relationships have resulted in the imposition of contractual restrictions on the efficient management of plants and increased labor costs not matched by increases in productivity. These factors would naturally be among the considerations for a company trying to decide whether to remain in a central city or to relocate. Our present National Labor Relations Board (and the proposed Labor Reform Act) tend heavily to favor the unionization of industrial plants. Confronted with this situation, many companies may well opt to move to an area where they have a better chance than they would in a central city area to manage more efficiently and avoid increased labor costs not matched by increases in productivity.

6. Once a decision has been made to build a new plant, it may be less expensive to acquire land and build in a relatively undeveloped area, rather than in an area which is already heavily industrialized.

Closely related to the discussion in paragraph 5, above, is the probability that the cost of union labor for building in an older city is much higher than building in an area where non-union contractors can operate.

We hope this information is of some value to you. In short, it seems to us that the best way to convince the business community to build and expand in our older city areas, and thus provide jobs for the unemployed in those areas, is simply to make it just as attractive to stay or locate in the central cities in every way, as it is to move to those areas which aggressively seek new plants.

Sincerely yours,

George W. Fenimore

LOCKHEED CORPORATION
BURBANK, CALIFORNIA 91520
(213) 847-6452

ROY A. ANDERSON
CHAIRMAN
AND CHIEF EXECUTIVE

The Honorable Henry S. Reuss, Chairman
Subcommittee on the City
Committee on Banking, Finance and Urban Affairs
U. S. House of Representatives
604 House Office Building, Annex 1
Washington, D.C. 20515

My dear Mr. Reuss:

This is in response to your inquiry of October 27 to Mr. Haack, who recently completed an interim assignment as Lockheed's chairman. We are pleased to have this opportunity to provide information on Lockheed's employment and training activities in central city areas.

Lockheed's successful experience in training and employing the so-called "hard-core unemployed," described on the attachment, goes back to 1967. One of the programs described is our plant in the Watts-Willowbrook section of Los Angeles, which is currently most appropriate to your inquiry. In response to your questions:

1) The Watts-Willowbrook plant employed 270 at its peak and now employs 120 out of a total Lockheed work force of almost 55,000. However, I think we should point out that many of our employees live in central city areas and commute to our plants. The reduction at this plant relates to a general reduction of Lockheed employment from a peak of almost 100,000.

2) We have no plans to increase employment at this plant unless we have stepped up sales of our L-1011 aircraft. Actually we have closed several "feeder plants" in other sections of the country for economic reasons, but we have a deep commitment to keep this plant open if we possibly can.

3) Our openings are posted with state employment agencies where appropriate, and our ads for jobs are in metropolitan newspapers. We work with community training organizations such as SER - Jobs for Progress, and the Opportunities Industrialization Centers. With declining and now level employment, we have not in recent years been very active in company training programs for the disadvantaged. However, we have been asked by the Oak Ridge Associated Universities to set up training in basic industrial skills under a nonprofit CETA subcontract. It is expected that 4-500 unskilled people, many from the Atlanta metropolitan area, would be trained in the next eighteen months.

4) Our reasons for not locating plants in central cities is primarily economic. We presently have excess plant capacity for the amount of business we have. It would take a substantial amount of additional work to fill our existing capacity. If we had a significant increase in commercial or defense contracts we could seriously consider resuming our previous efforts at training and employing the disadvantaged, and possibly locating plants in central city areas. Some of the detriments to our expansion are more and more work being done by the government itself and restrictions on foreign sales. Anything that can be done to stimulate business generally should enhance the possibility of projects of the kind you are interested in.

Relative to our Watts-Willowbrook plant, I think you would find it profitable to contact Mr. Robert Kemp, President, Economic Resources Corporation, 2600 Industry Way, Lynwood, California 90262. His telephone number is (213) 537-4610. Our plant is located in the Watts Industrial Park, managed by ERC. This development has been largely financed by the Economic Development Administration of the Department of Commerce. It provides an excellent model for attracting businesses and jobs to the central city. Lockheed has had a member on the board of directors of ERC since its inception.

I am also enclosing a copy of a booklet we printed in 1975 in connection with the fifth anniversary of our Watts plant, "A Hand Up Not A Hand Out." It provides many valuable suggestions for the successful operation of a plant in the central city.

We hope this is helpful. If you or members of your subcommittee are in Los Angeles we would be glad to host a tour for you of our Watts plant and arrange for you to see other parts of the Watts Industrial Park. If we can provide any further information, don't hesitate to contact us.

Sincerely,

Roy A. Anderson

Enclosures

(The booklet referred to, "A Hand Up Not a Hand Out", has been retained in the files of the Subcommittee.)

LOCKHEED'S SUCCESSFUL EXPERIENCE
WITH TRAINING PROGRAMS FOR UNEMPLOYABLES
1967 - 1971

BACKGROUND

Lockheed has over the years relied heavily on training to provide many new workers needed for large contracts. We saw training as particularly essential in implementing our Plan for Progress for hiring and upgrading minorities, signed in 1961. Through 1967 we had cooperated with the government in 120 MDTA and several state training contracts in which over 1700 minorities were among those trained.

LOCKHEED'S "PIONEER" PROGRAMS

In late 1966, under the leadership of Lockheed Vice President, James D. Hodgson, now Secretary of Labor, we began formulating plans for what we now call our "pioneer" hard core programs. The criteria for selection would have virtually assured disqualification in the past: high school dropout, unstable work history, little related experience, arrest records. In addition many were to be minorities. These, of course, are very similar to the criteria established later by the Department of Labor and NAB-JOBS program.

Lacking openings for entry level workers at that time in the Los Angeles area, programs were set up at Lockheed plants in Sunnyvale, California and Marietta, Georgia.

At the Lockheed Missiles and Space Company in Sunnyvale 195 were trained from early 1967 through 1969. All but six of the first 111 entering the four-week program completed it and went to work. A year later, 92 (83%) were still on the job. Of all the trainees employed 23 took other courses on their own time; 33 received other on-the-job training given generally

to people in their classifications; 26 received substantial promotions.

The program was an unqualified success, but not without some agonizing learning and dedicated effort by company training people in dealing with this unusual group of trainees.(1) Unfortunately the story doesn't have a happy ending: most of the trainees have since had to be laid off with the aerospace cutbacks.

In the Lockheed-Georgia Company's program at Marietta 360 out of 518 (69%) completed the 12 week pre-employment training program, 1967 through 1969. Two main factors could account for the higher turnover in training compared to the Sunnyvale program: the program was much longer and the trainees were not on the payroll, having to exist on a very small government subsistence. Also, earlier rates of turnover in training were reduced by providing smaller increments of training. In the early phases when trainees felt they were failing they quit.

Of the 360 trained, 320 were employed by Lockheed. Twenty-nine were placed with other companies, in a temporary employment lull and eleven returned to school or entered the armed services.

Of the 320 employed by Lockheed, 237 (74%) were still on the payroll in November 1969. While 53 of the 320 (17%) had been terminated for cause, only 33 were listed as not eligible for rehire. Poor attendance accounted for half the terminations for cause.

An evaluation of the performance and attendance of a sample of hard-core trainees compared them with a sample of other employees. The hard-core tardy rate was 1.6 compared to .9 for people in comparable jobs and departments. The absentee rate was somewhat higher than that for others in similar

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(1)For further detail on this and the Lockheed-Georgia Company program see:
"Successful Experience: Training Hard-Core Unemployed," James D. Hodgson and Marshall H. Brenner, Harvard Business Review, Sept-Oct 1968, page 148
"Training the Unemployable" U.S. News and World Report, July 1, 1968, p. 54

jobs (5.4% vs 4.5%). However, a steady improvement in attendance was noted as more hard-core entered jobs. More of the hard core employees (38%) received written employee notices than others hired for similar jobs (23%).

Despite these differences in performance we felt the program was a success. Both programs clearly disproved the widespread notion that hard core unemployables didn't want to work and would not make good employees. However, many of the trainees at Marietta also became victims of aerospace cutbacks in late 1969 and 1970.

VENTURA MANUFACTURING COMPANY

With the success of the earlier programs Lockheed responded confidently to a government appeal to establish a plant in the depressed area of one of five "Test Cities." San Antonio was chosen, and in August 1968 a new Lockheed subsidiary, Ventura Manufacturing Company, had its formal opening. The plant was particularly intended to provide employment for "hard-core" Mexican-Americans.

Of 230 trainees who entered vestibule training under Test Cities and MA-4 contracts, 127 (55%) remained on the job after six months. Over half of the voluntary terminations were for other employment, military service, or to go back to school. Excessive absenteeism was the most frequent reason for dismissal.

The success of the training and employment program may be best judged by Ventura's economic success. With 68 out of 105 of its present factory employees (65%) being from the hard-core ranks the company has turned in an impressive performance record. Its subcontract work for the Lockheed-Georgia Company has been done below budget and ahead of schedule. Half of its current

business comes from other than Lockheed in a highly competitive market, and after two years it began to show a profit.

In April 1971 the company was sold to the plant manager and several partners. As a small business employing a high percent of minorities in a depressed area, it will be able to get concessions on contract awards which were not possible while part of a large corporation. Lockheed considers the establishment of the plant a successfully completed project.

CONSORTIUM TRAINING PROGRAM

When the Lockheed Missiles and Space Company began to be faced with fewer opportunities to hire hard-core unemployed, it took a new approach. In early 1968 with the Management Council for Bay Area Employment Opportunity, it developed and became the operating subcontractor of a consortium training program.

Thus far, over 1,500 persons of the hard-core unemployed category have entered training under this program. Attrition was substantial due to both normal reasons and failure to perform; but of the more than 70% that did finish, approximately 82% were still working after a period of three months on their first job, and 70% were still working after six months.

In a study on food clerk job retention it was concluded that after six months 55.3% of the male consortium trainees and 73.2% of the female trainees still had their jobs. This compared favorably to the 61.8% and 73.6% retention figures exhibited by the normal working person. Even more encouraging was a similar study of telephone operators where after three months 84.2% of the consortium people were still working as compared to 80.3% of the normal employees hired. Further, after one year 59.5% of the consortium people were still retained compared to 46.5% of the normal employees hired. The program is considered a substantial success.

WATTS WILLOWBROOK PLANT

On February 1, 1970, the new Watts Willowbrook plant opened its doors and became the first major employer in an industrial tract being developed by the Economic Resources Corporation. This is a non-profit group funded

under the Economic Development Agency of the Department of Commerce and it is their primary objective to encourage industry to move into depressed areas.

Employment rose to a peak of 270 people, virtually all minority workers. There were 83.5% Black, 12.9% Mexican-Americans, and 4.1% Puerto Ricans, South Americans, American Indians, Japanese-Americans, and Caucasians. Minority persons also participate in the management of the plant; twenty-five of the twenty-nine people on the manager's staff are minority persons.

In the Production area specifically 217 trainees were hired, and training costs were reduced by securing an MA-4 Training contract with the Labor Department. Of these 217, only 39 were terminated for a retention figure of 82.1%. This compares most favorably with recently released nationwide statistics of 37% for similar plants under the JOBS-NAB (Job Opportunities in the Business Sector - National Alliance of Business Men). With regard to the 39 discharged, 12.3% were company initiated and 5.6% were voluntary. Approximately one-half of these people terminated during the first twelve weeks of training and the other half left during on-the-job training in the shop.

At the end of the first year annual payroll was $2,087,852 which consisted of $1,750,860 for hourly workers and $336,992 for salaried personnel. Production quantity and quality were impressive as was the high degree of morale which developed over this short period of one year.

Much of the program's success can be attributed to a special sort of understanding management must possess when working with a disadvantaged minority person. There were many personal problems which had to be resolved, with the aid of trained counselors, before a person could become effective in training and on the job. Once these initial barriers were overcome, the result was a dynamic and productive work force.

Unfortunately, recent cutbacks in the L-1011 program have caused severe layoffs in all areas, including the Watts-Willowbrook plant. Departing employees, however, confirmed the value and success of the program with statements of praise and thanks even as they were being laid off. As one person said, "You picked me up off the street; I never had anything before - then I was able to look up, to have dignity."

MASONITE CORPORATION
29 NORTH WACKER DRIVE, CHICAGO, ILLINOIS 60606 • TELEPHONE: A. C. 312 372-5642

November 16, 1977

The Honorable Henry S. Reuss
Chairman
Subcommittee on the City
Committee on Banking, Finance
and Urban Affairs
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Mr. Reuss:

Masonite Corporation's principle activities are concerned with the manufacture and marketing of wood products for the building industry. It follows, therefore, that a majority of our 8,100 employees are located in rural areas close to our wood resources, not in center city areas.

The exceptions include our Corporate and Divisional Staff in Chicago, and several small sales offices in larger cities.

With specific reference to the questions contained in your letter of October 27th, this is to advise as follows:

1. The Chicago Corporate and Divisional Offices are located at 29 N. Wacker Drive and have a combined employment of 297 people. These employees represent about 3.7% of our total work force.

2. We have no plans which would materially affect the distribution of our people or facilities.

3. The recruitment of personnel for our Chicago offices includes the direct involvement of agencies specializing in minority placement. A high percentage of employees referred by these agencies live in the center city area.

In addition, we actively participate in the "INROADS" program. As you probably know, this program consists of both on-the-job training and scholarship support for deserving minorities in an effort to develop fully their employment skills.

4. As I have stated, the nature of our business does not lend itself to the central city operations, but we do have a basis for comparing our center city Corporate office with those located in smaller towns or rural areas.

Local "policies" which auger against the center city locations include high property tax rates, employee head taxes, transportation and parking problems, higher crime rates and permissive attitudes toward civil disobedience.

Tax incentives, improved public transportation systems and more effective crime prevention certainly would make center city areas more attractive to business.

State and federal policies which hold resident companies accountable for all past social inequities and responsible for the correction of same, under threat of sanctions or fines, does not encourage a company willingly to assume the risk of center city residency.

State and federal policies relating to unemployment and welfare benefits tend to place a premium on under-achievement. Thousands of jobs go begging in Chicago's center city simply because of the liberal administration of these plans. This situation adversely affects work ethic and attitudes in the general area and translates into higher employer costs, which in turn make the center city unattractive to business.

More stringent policing of the eligibility requirements for participation in these programs and stiffer penalties for fraudulent receipt of benefits is necessary if abuses are to be eliminated.

Finally, our experience indicates that employee turnover in our center city office is five to six times greater than at other locations. The continual training of new employees represents a substantial cost in payroll dollars and decreased efficiency.

I hope that the foregoing will assist you in your study.

Very truly yours,

Samuel S. Greeley
Chairman of the Board

23-313 O - 78 - 17

MCDONNELL DOUGLAS CORPORATION

28 November 1977

Subcommittee on the City
Committee on Banking, Finance, and Urban Affairs
U.S. House of Representatives
804 House Office Building Annex 1
Washington, D.C. 20515

My dear Congressmen:

Sanford N. McDonnell, President, McDonnell Douglas Corporation, has asked me to reply to your letter of October 27, 1977 regarding employment by the McDonnell Douglas Corporation in central U.S. cities. Our main line of business is military and commercial aircraft, the facilities for which must be located on or near a major airport. The airports are generally located near the edge of the nearest central city - just within its border or slightly beyond. Obviously, substantial relocation of our aircraft manufacturing facilities is not possible.

Although we have developed new lines of business in recent decades, the divisions performing this new work also participate in the production of aircraft. For this reason it has been necessary to perform much of the new work at the traditional centers of aircraft production.

Answers to your specific questions are set forth below.

1. Operations in the Central Cities

a. The McDonnell Douglas Corporation is the largest single employer in the St. Louis, Missouri-Illinois Standard Metropolitan Statistical Area. The major employers are the McDonnell Aircraft Company, the St. Louis division of McDonnell Douglas Astronautics Company, and the McDonnell Douglas Automation Company, with combined employment of 28,000 and located at Lambert St. Louis International Airport. This airport is owned by the City of St. Louis, Missouri but it is located approximately seven miles from the city limits. An additional 1100 are employed by the McDonnell Douglas Electronics Company located in the City of St. Charles, Missouri. One business office and one warehouse operation, however, are located within the city limits of St. Louis, Missouri, with an employment of 500.

b. In the Los Angeles-Long Beach Standard Metropolitan Statistical Area, the corporation operates a major manufacturing facility at

the Long Beach Municipal Airport which is located within that city. The Douglas Aircraft Company at Long Beach has employment of 12,250 and the McDonnell Douglas Automation Company employs an additional 800.

c. In the Tulsa, Oklahoma Standard Metropolitan Statistical Area, the corporation operates a manufacturing plant located within the city limits of Tulsa. Employment at the Tulsa Division is 2200.

d. In addition to the foregoing facilities, the McDonnell Douglas Corporation has significant operations in the Anaheim-Santa Ana-Garden Grove, California and Orlando, Florida Standard Metropolitan Statistical Areas but not in the central cities of those two areas. The corporation also maintains a number of small business offices throughout the country, mostly as a part of the activities of the McDonnell Douglas Automation Company. Nineteen of these offices are located in central cities and have an aggregate employment of about 370.

e. Total U.S. employment for the corporation is 61,400 - about 2000 persons are employed in Canada.

2. Planned Changes

The reduction in FY 1978 funding for the F-15 program is expected to reduce employment at the McDonnell Aircraft Company in St. Louis by about 600. Otherwise, the corporation has no plans to alter substantially the level of employment at the various facilities listed above.

3. Recruitment and Training

The McDonnell Douglas Corporation has several employment programs aimed at the residents of central cities, specifically at minority groups as follows:

a. Recruitment. When seeking new employes, the corporation advertises extensively in local newspapers and minority newspapers and periodicals. In addition, the corporation relies upon referrals through state employment offices, community agencies, the Urban League, and its own minority employes.

b. Job Training. The most extensive training offered by the corporation is the routine on-the-job training and apprenticeship programs required for high-skill aerospace manufacturing jobs. In addition, the corporation offers adult education programs which include high school equivalency and classroom preparation for advanced positions in the corporation. The corporation also offers a program to disadvantaged high school students in which they have an opportunity to earn money in the school and at the same time receive on-the-job training in sheet metal and electronics work.

4. Future Operations in Central Cities

   Nearly all of the corporation's manufacturing operations must take place at a major airport and for that reason no significant relocation to central cities is feasible.

5. As a matter of information, we have worked closely with Bi-State Transit in coordinating transportation for employes to our St. Louis facilities, and bus service is available from the central city of St. Louis and from the cities of East St. Louis, Granite City and Alton in Illinois. Further, two communities adjoining St. Louis International Airport, Kinloch and Robinson, Missouri, are areas equating to central city areas. We do employ a number of residents from both of these communities.

I hope this information will be useful to you.

Sincerely,

MCDONNELL DOUGLAS CORPORATION

R. C. Krone
Corporate Vice President - Personnel

McGraw-Hill, Inc.

1221 Avenue of the Americas
New York, New York 10020
Telephone 212/997-2025

Harold W. McGraw, Jr.
Chairman and President

November 29, 1977

To Members of the Subcommittee on the City Committee
on Banking, Finance and Urban Affairs:

I am happy to have the opportunity to respond to the four questions which you have posed in your letter of October 27th. The development of proposals which will aid the urban economy is without question one of the fundamental challenges now facing this country.

Here are McGraw-Hill's answers to the questions which were posed in your letter of October 27.

(1) At the outset I would like to point out that as a publishing firm, McGraw-Hill requires few facilities of the light manufacturing nature which you describe. Our installations house creative and marketing staffs and, with the exception of three large regional distribution centers, our offices are devoted exclusively to editorial, business, and marketing operations. Many of these facilities are in central cities. Several years ago McGraw-Hill made a major commitment to New York City by constructing a new 50-story building in Rockefeller Center. Over 25% of our work force is located in New York, either in the McGraw-Hill Building or in downtown offices of Standard & Poor's Corporation.

(2) As a result of the major building expansion in New York City referred to in (1) above, we have no plans to expand central city operations in the next five years. By the same token, we have no plans to contract such operations.

(3) McGraw-Hill sponsors several programs that are aimed at reducing unemployment and improving career opportunities in the inner cities.

In St. Louis, for instance, McGraw-Hill invests $50,000 a year in a work-study program for students from Soldan High School, a poverty neighborhood. Twenty students take classes at McGraw-Hill in such subjects as business math, typing, and English. In the afternoon, these students hold jobs in McGraw-Hill's office or warehouse. This program was started in 1969 as a drop-out prevention effort but now tries to help students establish career goals and mesh students' needs with those of employers.

In New York City, McGraw-Hill has been involved in "civic and social commitments" since 1968. Current programs involve teaching clerical and secretarial skills to: 1) the disadvantaged, 2) "emerging" employees, 3) the physically handicapped, 4) ex-offenders, and 5) former drug addicts. Some 900 people have gone through these programs. Roughly 72% have completed the training and gone on to work for McGraw-Hill. Sixty-seven people entered college or business school after completing training.

McGraw-Hill is working with the New York Board of Trade and La Guardia Community College in developing programs to train the young unemployed (ages 16-22) for jobs in industry.

In addition, McGraw-Hill recruiters regularly visit high schools in inner city areas of high unemployment to talk to students about work goals and to consider these students for work at our company.

(4) Like most other companies, McGraw-Hill faces three difficult problems in maintaining central city operations: (1) property tax escalation, (2) imposition of additional commercial rent taxes in some localities, and (3) concern over rapidly increasing utility costs.

More fundamentally, a company like McGraw-Hill is vitally concerned with the quality of life in our inner cities -- with the work environment, with the amenities which help employees find their work enriching, with the delivery of services necessary for efficient management. We realize that these services must be paid for, but as business people, we believe that there needs to be more of an intelligent trade-off between taxes paid and the quality of service received.

What we seek is an orderly and well-considered tax structure that will provide a desirable inner city environment in the most economic manner. We believe a tax system that assures delivery of services and helps to create an agreeable work climate will eventually give more businesses an incentive for investing in our inner cities.

I hope these replies will be helpful to the committee. McGraw-Hill will be delighted to cooperate in furnishing any further information needed for your study.

Sincerely,

Harold W. McGraw, Jr.

J.W. McSwiney
Chairman of the Board

World Headquarters
Courthouse Plaza Northeast
Dayton, Ohio 45463

Telephone: 513-222-6323

Mead

December 6, 1977

Congressman Henry S. Reuss
Chairman
U. S. Subcommittee on Banking
Finance and Urban Affairs
604 House Office Building Annex
Washington, D. C. 20515

Dear Congressman Reuss:

Your committee's search for ways to revive inner cities, stabilize city economies, and provide jobs is extremely important to the nation. The Mead Corporation has 26,735 employees in 30 states and approximately 115 business operations. Our businesses range from the sale and manufacture of a variety of pulp, paper, paperboard, packaging, and container products to the manufacture of castings for the automotive industry and products for the oil industry. Mead also has a group of consumer and distribution business which market school supplies, furniture and drapery products, and wholesale paper and industrial products through a network of manufacturing distribution and warehousing operations. The size of our business units vary from heavy industrial plants (paper and castings operations) which employ up to 4,000 employees to smaller warehouses and corrugated box plants which employ 50-200 employees.

Our heavy manufacturing facilities do not lend themselves to central city locations because of facility size, transportation requirements (ease of access), raw material needs (timber and water for use in manufacturing paper), and water/air pollution considerations. However, many of our heavy manufacturing operations are in or near small cities and in some instances, represent the major source of employment.

Based on a definition of "central city" which includes cities with populations in excess of 100,000, the following summarizes central city employment by Mead throughout the U. S.:

	Central Cities	Other	Total
Number of Locations	37	78	115
Number of Employees by Type of business:			
Industrial	4,403	16,764	21,167
Distribution	1,722	1,787	3,509
Sales & Executive	1,515	126	1,641
Research & Development	300	118	418
Total	7,940	18,795	26,735
	29%	71%	100%

Our five-year capital plans call for spending in excess of $120 million on investments in new facilities and expansion of existing facilities to achieve equipment cost-effectiveness. Cost effective expenditures essentially increase equipment efficiencies to manufacture more product or to reduce product costs. Although all capital projects have not been identified, we expect the major cost effective expenditures to be in heavy manufacturing operations outside central cities. New facilities are also planned outside inner cities.

A major expenditure element is an additional $130 million planned for energy conservation and environmental improvements required by federal and state law.

Major factors influencing these plans include:

- High costs of pulp and paper mills and limits on new mill sites encourages expansion of existing facilities rather than construction of plants on new sites.

- Major environmental requirements and increasing energy costs divert investment capital from capital expansion likely to produce new jobs.

- Distribution and light manufacturing operations are located near markets served for our types of businesses which may not include major cities.

- Other major factors include availability of skilled labor, adequacy of transportation facilities, nearness to raw materials, and reasonable tax costs.

As previously stated, 29% of Mead employees work in central cities. All Mead operations work with state bureaus of employment services and local branches of state agencies to fill entry level and technical positions. Many operations are actively associated with local community colleges, vocational schools and state university cooperative education programs to train and employ people in technical and nontechnical skills. In addition, our managers maintain an active involvement with local minority organizations, community action groups and local service organizations to fill open positions with minorities.

Although the following list is not meant to be exhaustive, existing federal, state, or local factors and policies which discourage the maintenance and location of operations in central cities include:

- Poor or nonexistent public transportation systems and high parking costs.

- Inadequate energy supplies.

- High crime rate and lack of police protection for employee and plant security.

- Inadequate educational systems.

- Unavailability of skilled labor.

- Moderate or high income and sales taxes on businesses and its employees.

- Assessment rate classification—property tax assessment rates on business and commercial property higher than on other classes of property. While in itself not a discouraging factor, this encourages voters to increase tax rates on business which then bears a greater portion of the total burden.

- Higher labor rates and increased costs of goods and services.

- Federal government contract "set asides" for small businesses—federal laws which encourage government contracts with small businesses at the expense of small operations affiliated with larger business organizations. This discourages rather than encourages the growth of small operations and employment of minorities. It is an important point not to be overlooked that even "big" companies consist of many "small" operating units which must be kept viable in every sense.

- Time consuming delays, red tape and sometimes substantial expense involved in obtaining federal, state, and local environmental approvals.

Factors or policies which can encourage new employment and site selection in central cities include:

- Tax incentives/abatement at federal, state and local levels can offer a major inducement for new jobs. For example:

  - An additional federal investment tax credit on plant and equipment based on number of new jobs created or preserved.

  - State or local tax incentives designed to encourage location in central cities. Mead built its new World Headquarters in downtown Dayton, Ohio under Ohio's impacted cities law.

  - "Freeport" inventory property tax exemptions which exempt inventory destined out of state from state and/or local property taxes.

- Stable economic/business climate which results in a business attitude of confidence which is essential to any undertaking:

  - Federal

    - a reasonable attitude toward government spending and the need to balance the budget.

    - a more realistic look at the effectiveness of major government programs before starting massive new programs which are costly and disruptive in many ways.

  - cooperation between the federal reserve and the Administration over money supply and the need to pursue a policy which checks inflation.

- State and Local

  - encouragement of fiscal policies which avoid the need for rapidly rising tax rates and legislating new tax laws to meet high government expenditures.

  - availability of state/local financing for capital expenditures.

  - policies on environment and land use which should remain the prerogative of local governmental jurisdictions.

  - government sponsored "searches" for private sector solutions to problems in the public sector.

A program which tailors some aspects of educational programs of the school system to business needs thru joint business/education course selection and program development. In addition, educational sector accountability for the attainment of certain minimum levels of reading, computation and social skills prior to issuance of secondary school diplomas is required.

In closing, it should be emphasized that jobs are created from capital investment. Public policy efforts to treat the symptom (unemployment) by creating training or full employment programs funded by government are misdirected, well intentioned efforts. The focus should rather be on the cause - lack of adequate incentives for aggressive capital spending.

Sincerely,

J. W. McSwiney
Chairman of the Board

Mobil Oil Corporation

150 EAST 42ND STREET
NEW YORK, NEW YORK 10017

P C KRIST
SENIOR VICE PRESIDENT
EMPLOYEE RELATIONS

December 5, 1977

Honorable Henry S. Reuss
Chairman, Subcommittee on the City
U.S. House of Representatives
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Congressman Reuss:

Mr. Warner has asked me to respond to your October 27 letter concerning the central cities.

Before responding to the questions included in your letter, let me clarify two points. As your letter was addressed to Mr. Warner as Chairman of Mobil Corporation, this response covers the operations of Mobil Oil Corporation, Montgomery Ward, and Container Corporation of America. Secondly, since the term central cities was not defined we have used those with a population of 50,000 or more as reflected by the 1970 Census.

Mobil Corporation has a variety of facilities in central cities across the United States. These facilities cover such operations as manufacturing, retailing, distribution, and administrative offices. In total, some 30% of Mobil Corporation's workforce is presently located in these central cities. We do not envision any major change in the proportion of Mobil Corporation employees working in central cities over the next five years.

As to recruitment or job training aimed at the unemployed in the central cities, most of these types of activities are handled on a facility-by-facility basis. Thus, it is not possible to provide you with specifics. However, Mobil Corporation operations in central cities have supported organizations such as OIC, SER - Jobs for Progress, Inc., and different CETA programs which provide job training for the unemployed. In addition, there has been active participation in programs such as the JOBS program of the National Alliance of Businessmen. Our Company is presently working with the National Urban League on a program to improve the career orientation of disadvantaged youth in the primary and secondary school systems.

Your final question dealt with federal, state, or local policies which discourage companies from maintaining or locating operations in central cities. Again, because of the diversity of Mobil Corporation's operations it is necessary to generalize in answering this question. Many factors have an impact on locating or remaining in the central cities. Included are such things as the tax structure, the cost of services, and ordinances which may place restrictions on a company's operations. Generally all of these factors must be considered in deciding whether to locate in the central city.

I trust that these comments will be of some assistance to your Committee and its Subcommittee in its work to aid city economies.

Sincerely,

P. C. Krist

Monsanto

JOHN W. HANLEY
Chairman of the Board
and President

Monsanto Company
800 N. Lindbergh Boulevard
St. Louis, Missouri 63166
Phone: (314) 694-3003

December 19, 1977

Honorable Henry S. Reuss, Chairman
Subcommittee on the City Committee
of Banking, Finance and Urban Affairs
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Chairman Reuss:

I have your letter emphasizing the plight of our central cities and their unemployed. The problems are readily apparent, the solutions difficult to detail and even more formidable to carry out.

Monsanto Company, which has been in existence for over seventy-five years, began its manufacturing operations in what would now be classified as the "central city" area of St. Louis. Its first factory remains in downtown St. Louis, not as a museum piece, but as a fully functioning, productive chemical plant.

As the company expanded its operations, it has continued to locate many of its properties in central cities. Today, of our fifty-one manufacturing plants in the United States, eighteen are located in central cities. Of the 30,141 employees in our domestic plants, some 40% are employed in those central city locations.

Although our specific plans for future expansion or contraction of our operations are not discussed freely, for understandable competitive reasons, we have announced that our total capital expansion program will amount to some $3 billion over the next five years.

In mapping our expansion plans, we carefully consider a whole host of factors including proximity to markets, raw material availability, transportation systems, fuel availability, and, of course, a labor force willing and able to work.

23-313 O - 78 - 18

Our recruiting and job training activities at each plant are the responsibility of that specific location. We hire employees at each location consistent with the laws and policies of the various local, state and federal agencies having jurisdiction over that plant.

You ask what new Federal initiatives might be helpful with respect to the central cities problems.

I would suggest, Mr. Chairman, that great caution be exercised in this regard. It seems to me that any massive new infusion of Federal aid might well sidetrack municipal administrators from their primary task of adjusting to a shrinking population and a contracting economy. Large-scale Federal assistance might simply help perpetuate inefficiency, swollen payrolls and duplication of effort.

Don't misunderstand my point. I am all for incentives -- if they are the right kind. But, regrettably, we have seen numerous examples of Government incentives that give individuals and companies an excuse for doing what is harmful to the community over the longer run.

Successive increases in the minimum wage have hastened the demise of low-skilled jobs. Mounting welfare benefits have given many inner city residents an incentive for not seeking work. Rising tax burdens and a growing array of "nuisance taxes" have forced manufacturers out of cities. Controls on rent have militated against the building of new apartment units and the maintenance of older ones.

If we have learned anything at all from the welfare-state experiments of the 1960s, we should realize that the lure of "free money" from Washington often beguiles municipalities into starting wasteful projects they can ill afford.

In my judgment, the most helpful thing the Federal Government can do for the cities is to avoid actions that interfere with their financial health and impede their natural rejuvenation.

Frankly, I don't believe the Federal Government can "save" our cities. Only the cities themselves can do that.

Here, in St. Louis, a decision was made a decade ago to embark on a massive rebuilding effort in the inner city. Heartening strides have been taken even though there is still a great deal of work to be done.

In this connection, I would refer you to the Regional Commerce and Growth Association which has been a moving force in the restoration effort.

My response may appear more philosophical than substantive, but I seriously question whether any type of governmental policy can offer the incentives to instill new life into the central cities if local residents themselves lack the determination to bring about improvement.

I am encouraged by your interest and hope that you may find these comments of some use.

Yours very truly,

John W. Hanley

EXECUTIVE OFFICES

Motorola, Inc.

November 8, 1977

U.S. House of Representatives
Subcommittee on the City
Committee on Banking, Finance and Urban Affairs
of the Ninety-Fifth Congress
604 House Office Building Annex 1
Washington, D.C. 20515

Attention: Mr. Henry S. Reuss, Wis. Chairman

Gentlemen:

This letter is in answer to request made to Mr. Robert W. Galvin, Chairman of Motorola, Inc., dated October 27, 1977. In your letter, you raised four questions, which we will answer in the order in which they were asked.

1) Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?

Answer: At the present time, we employ 2,100 employees at locations we consider central cities of Illinois. This is 20% of the 10,272 population count of our Illinois operations. In other states, where we have operations, such as Phoenix, Arizona; Mesa, Arizona; Tempe, Arizona, and Scottsdale, Arizona there are no central cities, because of the ease of access and the openness of the areas. These plants are strategically located where we can attract competent personnel. In areas outside of the State of Illinois and Arizona, such as New York, Texas and Florida, our facilities are located in industrial areas of Austin, Texas; Seguin, Texas and in the Ft. Worth area suburbs.

CORPORATE OFFICES MOTOROLA CENTER, 1303 EAST ALGONQUIN ROAD, SCHAUMBURG, ILL. 60196 (312) 397-5000

2) What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?

Answer: We do not have any plans to expand where we are presently employing people in areas that might be called the central cities. Conditions relating to these plans are as follows:

1. Expanding Inner-City plants is difficult. The majority of our people drive cars. They find it difficult to get to, plus problems with parking. We build sophisticated electronics oriented products. Highly qualified technical employees are needed to design, supervise and manage these operations. Employees of this type are not attracted to Inner-City areas, because of the distance from areas where they prefer to live. Public transportation is not most desirable, because of crimes occurring on the vehicles and their inconsistency of performance. Most employees are afraid to go into areas in the Inner-City, because of vandalism and the crime rate.

3) What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?

Answer: It has been our policy to do our own on-job training. A person with the proper credentials will be trained by our company. We also pay their costs for completing their College education up to and including obtaining advanced degrees. Much of this training is done by local Universities having Professors conduct classes in our facilities.

4) Which existing federal, state or local policies, if any, discourage you from maintaining or locating operations in central cities? What new governmental policies would encourage you to maintain or locate operations in these areas?

Answer: The State of Illinois has an employee head tax, which the corporation must pay based on the number of employees working in the City of Chicago. This tax does not encourage companies to expand and move into the City. I believe it has added to the exodus from Inner-City of Chicago. There is evidence on record to indicate some companies have moved out of the City because of this tax burden. To apply the OSHA regulations to an older facility has its problems. Sometimes it is better to completely obsolete a plant and lease or build a new one, where you can properly put in new equipment to meet the OSHA requirements. The capital costs, because of inflation to install all the necessary equipment, is very costly. Attracting companies to the Inner-Cities can not be accomplished through Governmental policies. Companies build factories and plants where they can attract the necessary talent and a balanced group of employees possessing these talents to make the facility productive. The best thing is to improve public transportation and clean up the crime and the slum conditions, which are not attractive to new industry. Government regulations and policies can not accomplish this.

Very truly yours,

Walter B. Scott
Vice President - Motorola, Inc.
Corporate Director
Manufacturing and Facilities

NCR
NCR Corporation
Dayton, Ohio 45479
Worldwide Headquarters

December 2, 1977

The Honorable Henry S. Reuss, Chairman
Subcommittee on the City
U. S. House of Representatives
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Congressman Reuss:

We are pleased to comment, in behalf of Mr. Anderson, on your concerns about the Center City and its problems, as outlined in your letter of October 27.

NCR Corporation was founded in Dayton, Ohio, and continues its presence in this Center City. It is a different presence, with emphasis on quality rather than quantity, but reaffirms the corporate commitment to this community. While our manufacturing employment is considerably less than in our earlier history, because of a change in technology and extensive decentralization, we have recently erected a new World Headquarters within the City. Further, we are in the process of bringing back into the City a number of other high-level professional positions which had been located in suburban sites for the past several years.

In addition, we plan to redevelop land, formerly occupied by our manufacturing facilities, into an inner-city commercial-industrial-residential complex which will help replace tax losses suffered by the community when outmoded production facilities were phased out.

In an effort to bolster the Dayton Center City's viability, NCR Corporation has, with other local corporations and in cooperation with the City of Dayton, invested in the restoration of a major marketplace as another step in the dramatic redevelopment of downtown Dayton.

NCR maintains a number of sales and service offices in center cities, and, as an example of our continuing inner-city presence, recently totally renovated the facilities and re-established our presence in the heart of New York City.

Location decisions, for various types of our facilities, are based on a number of factors. For manufacturing, appropriate facilities and availability

of manpower meeting our requirements are prime factors. For distribution and service facilities, proximity to markets and availability of transportation take on added importance. No single factor would normally impact totally on a location decision, either inside or outside center cities.

I hope these comments will be helpful to you in your efforts in this regard.

Sincerely,

R F Beach

R. F. Beach
Director
Public Affairs

NALCO CHEMICAL COMPANY
2901 BUTTERFIELD ROAD ▫ OAK BROOK, ILLINOIS 60521 ▫ AREA 312 887-7500

ROBERT T. POWERS
CHAIRMAN

November 29, 1977

Honorable Henry S. Reuss
Chairman, Subcommittee on the City
Committee on Banking, Finance and
Urban Affairs of the Ninety-Fifth
Congress
U.S. House of Representatives
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Mr. Reuss:

Thank you for your recent inquiry about Nalco's practices on location of facilities in central cities. Answering your questions in the order stated in your letter:

1) Nalco has no facilities in the central city, and such locations are not appropriate for manufacture of most of our products. However, Nalco does have 2 manufacturing plants in Chicago, and a third plant just outside city limits.

   (a) Plant No. 1 is located at 6216 W. 66th Place, Chicago, Illinois 60638 (actually located in Bedford Park, Illinois, which borders the city of Chicago). This plant manufactures a variety of liquid and solid chemicals used for water treatment and in a variety of other industries, such as paint and coatings, plastics, pulp and paper, and textiles. Our main research laboratories are at the same location. Together, the research and production operations employ a total of 600 people.

   (b) Plant No. 2 is located at 4001 W. 71st Street, Chicago, Illinois 60629. This plant manufactures hydrotreating and desulfurizing catalysts used in petroleum refining; and catalysts for the petrochemical industry including ammonia synthesis and methanation catalysts. This plant with adjoining research lab, employs 185 people.

(c) Plant No. 4, located at 9165 S. Harbor Avenue, Chicago, Illinois 60617, makes steel mill lubricants, rust preventives, metalworking lubricants, and other chemicals for the metals industries. Employment at this location is 109 people.

Total company domestic employment is approximately, 3,300, of which more than 600 are at field sales offices.

2) We expect to expand all three of the above operations to some extent within the next five years as demand for our products increases. The plants are considered economically favorable for expansion because of large existing investments, good work forces, and good locations. Unfavorable, but not deciding, factors are the Chicago city employee head tax, and potential federal requirements for pretreatment of wastes currently being handled by Chicago Metropolitan Sanitary District. The primary restriction on expansions at these locations is the availability of suitable space.

3) Nalco sends monthly listings of current job openings to a number of organizations that specialize in placing minority workers, many of whom live in the central city. Following are the organizations, all located in Chicago:

Answering Systems, Inc.
Chicago Urban League
Department of Human Resources
Department of Human Services - City of Chicago
Logan Square Neighborhood Association
Lower North Youth Center
Minority Information Referral Center
NAACP
North West Employment Development Corp.
Operation PUSH
Operation SER
Operation Uplift
Training, Inc.

Nalco has sponsored four minority people for chemical technician training. The program is carried out by the DuPage County Employment & Training Office under CETA (Comprehensive Employment and Training Act). Candidates were recruited by The Minority Information Referral Center of DesPlaines, Illinois. At the present time, Nalco employs five graduates of this program.

Other training programs for minorities in which we participate include: (1) JETS (Junior Engineering

Technical Society), which works to interest minority high school students in technical careers; (2) ChIME (the Chemical Industries for Minorities in Engineering), which communicates with minority high school students on chemical engineering as a career; (3) University of Chicago Graduate School of Business program for minorities - each participating company sponsors a qualified student through his MBA study program at the University.

4) Federal, state, or local policies are normally not significant factors in Nalco's location choices. Accessibility of raw materials and proximity to intended markets are usually major considerations, but zoning laws, land costs, investment tax credits, property taxes and similar factors are considered before a final decision is made.

I hope this information will prove helpful. We wish you success in your efforts to rejuvenate central city economies, and reduce unemployment in those areas.

Sincerely,

Robert T. Powers

NORIN

October 31, 1977

The Honorable Henry S. Reuss
Chairman
Subcommittee on the City
U. S. House of Representatives
604 House Office Building, Annex 1
Washington, D. C. 20515

Dear Mr. Reuss:

Thank you for your letter of October 27, relative to the plight of our central cities. I will attempt to contribute my views to the items as listed in your letter.

1) H. G. Parks, Inc.
Baltimore, Maryland
(225 Employees)

Our total U.S. work force numbers 456, including the Parks' employees listed above.

2) We have no plans to contract our operations within the next five years. If our business continues to expand, we will add additional facilities within the central city of Baltimore. The major factors influencing our plans are the excellent work force, location, and the cooperation of the municipal government of Baltimore.

3) Our Baltimore facility is our only manufacturing facility in the U.S. This facility trains all of its own personnel on the job and recruits from the central city of Baltimore.

4) Federal, state and local policies as regards environmental considerations should be tailor made for each individual industry operating in central cities. Of fundamental importance to the central cities should be the ability of industry to provide jobs which produce meaningful income to central city residents.

Norin Corp., 12100 Northeast 16th Avenue, North Miami, Florida 33161 / 305 895-0220

4) continued

Sewage policies and other newly laid out environmental policies, more than anything else in my experience, are driving manufacturing operations away from the central cities. While it is true that the environment must be protected, these considerations have come too rapidly on the American scene and have been enacted with very little thought to the ultimate dislocations of the people who need jobs most and who do not have adequate means or the ability to move to the new locations to which industry is being forced to move. Government sponsored financing programs (not give-aways) to overcome such things as redlining problems, zoning requirements, and reasonable ecological considerations would do a great deal towards encouraging industry to maintain and expand, or locate, in these areas.

I hope my remarks will make a worthwhile contribution to a most important issue.

Sincerely yours,

Morton D. Weiner
President

NORRIS INDUSTRIES
ONE GOLDEN SHORE · LONG BEACH, CALIFORNIA 90802 · AREA 213 / 435-6676

CORPORATE HEADQUARTERS

December 8, 1977

Honorable Henry S. Reuss, Chairman
U.S. House of Representatives
Subcommittee on the City Committee on
Banking, Finance and Urban Affairs
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Mr. Reuss:

In response to your letter of October 27, 1977, following is the information which you requested:

(1) Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?

Norris Industries facilities which are located in (or near) central cities are:

Artistic Brass Division, Los Angeles, California
Automobile Wheel Division, Vernon Plant, Los Angeles, California
Automotive Trim Division, Ypsilanti Plant, Ypsilanti, Michigan
Bowers Manufacturing Company Division, South Gate, California
Compressed Gas Cylinders Division, Los Angeles, California
Defense Products Division
Vernon Plant, Los Angeles, California
Pico Rivera Plant, Pico Rivera, California
Maywood Plant, Los Angeles, California
Industrial Cylinders Plant, West Milwaukee, Wisconsin
McIntosh Division, Detroit Plant, Detroit, Michigan
Anderson Plant, Detroit, Michigan
Price Pfister Brass Mfg. Company, Pacoima, California
Thermador/Waste King Division, Los Angeles
Weiser Lock Division, South Gate Plant, South Gate, California

These facilities employ approximately 7,000 employees, out of a total work force of approximately 11,000.

2) What plans do you have to expand or contract these operations (located in Central Cities) in the next five years? What major factors have influenced these plans?

Our Company is organizationally structured around autonomous businesses which produce separate products for customer requirements in individual markets. In other words, these businesses compete actively in the market place for business on the basis of quality, service, price, appearance, etc. Consequently, decisions regarding expansion of capacity or investment in equipment are dictated by competitive considerations of these individual products. In studying plans for expansion we have found in recent years that there are generally more favorable conditions outside of central cities for our facilities than in them. Consequently most decisions for expansion of our businesses with central city locations have been to build new plants at suburban sites. Further we have closed several central city plans in recent years and have moved them to suburban locations. Among the reasons:

a. Cost - property taxes, energy availability and cost, water, wage differentials.

b. Zoning - restrictive building codes, inability to acquire property for expansion and parking, restrictive noise, air and water regulations.

c. Political Climate - central city businesses are the focus of attacks from politicians for all types of imagined social problems; in the suburbs, businesses are welcomed as employers and encouraged by assistance from local government in financing, relocation, training, etc.

d. Transportation - central city businesses frequently encounter delays in receiving and shipping compared to freeway close suburban locations.

e. Security - central city plants are subjected to vandalism and stealing with little or no assistance by police departments.

(3) What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?

Following are some of the activities that our various facilities are involved in:

a. Participate in "Career Days" at colleges and junior colleges in Central City areas, to recruit employees.

b. Management personnel serve on Advisory Boards of Central City Occupational Centers.

c. Employ disadvantaged individuals in entry level positions, and provide in-plant training.

d. Participate in Youth Motivation Task Force (sponsored by the Merit Employers Association).

(4) Which existing federal, state or local policies, if any discourage you from maintaining or locating operations in central cities? What new governmental policies would encourage you to maintain or locate operations in these areas?

a. Attitude - government agencies at the federal, state and local level must adopt supportive policies to recognize the contribution businesses make to the economic well being of central cities, not only to directly employed workers but shopkeepers, service related businesses, municipal government, etc.

b. Harrassing Regulations must be eliminated. Most businessmen would agree that OSHA inspections and fines are the most offensive and destructive of normal business operations. Businessmen feel that central city plants are subjected to OSHA harrassment to a greater extent than elsewhere.

c. Property Taxes - central city property taxes finance welfare payments among other high budget items and consequently result in higher rates. Assessments are also raised on business locations inequitably due to political reasons vis-a-vis homeowners (who vote vs. businesses with no vote). Business zones should be created that equalize property taxes with suburban areas.

d. Energy - central city rates are higher on businesses than elsewhere. Utility rates to central city businesses should be equalized to suburban rates.

e. Zoning and land acquisition - central city businesses find it difficult to expand capacity, and acquire land for parking and storage. Agencies should be established to acquire such sites for use in expanding central city businesses at reasonable costs, including financing.

f. Municipal Services - central city services such as garbage collection, police patrols and fire protection are generally inadequate for businesses. Grants should be made to assist municipalities in upgrading these services.

I trust that this information will be of assistance to you. If you have any questions, or if you desire additional information, please contact me.

Sincerely,

R. S. Putnam

R. S. Putnam
Vice President
Industrial Relations

Olin

120 LONG RIDGE RD., STAMFORD, CONN. 06904

December 1, 1977

Subcommittee on the City
Committee on Banking, Finance and
Urban Affairs
U.S. House of Representatives
604 House Office Building Annex 1
Washington, D.C. 20515

Gentlemen:

This is in response to your letter of October 27, 1977 with respect to the problems of our central cities.

RESPONSE TO QUESTIONS 1 AND 2

Olin Corporation employs about 21,000 persons in the United States of America. Our principal operations employing a substantial number of persons are the Chemicals Group, the Brass Group, the Winchester Group, and the Ecusta Fine Paper and Film Group. A map showing our locations in the U.S.A. is enclosed. Most of our chemicals plants are located in small or medium size communities in the south and southeast. The location of a chemical plant generally is determined largely by proximity to raw materials and markets, cost of energy, and environmental considerations. In addition, as an established company expands, there frequently are compelling reasons for building new facilities adjacent to the company's existing facilities. Olin is in the process of making very substantial capital investments in its chemical business. Most of the new facilities will be built at our existing chemicals complexes at locations such as Lake Charles, Louisiana, McIntosh, Alabama, Charleston, Tennessee, Doe Run, Kentucky, Pasadena, Texas, and Joliet, Illinois.

The Chemicals Group employs 318 persons at a plant in Niagara Falls, New York, and 136 persons at a plant in Rochester, New York. These may be "central cities". No significant capital investments or changes in employment are anticipated at these plants for the foreseeable future.

The principal plant of our Brass Group is located at East Alton, Illinois. Substantial capital expenditures are being made by the Brass Group. Virtually all of these involve adding new equipment to the existing plant. The principal

operations of the Ecusta Fine Paper and Film Group are located at Pisgah Forest, North Carolina, essentially a rural area. This group does not contemplate major capital investments during the next several years, but any significant investments made in this business in the U.S.A. most likely would be made right at Pisgah Forest.

Our Winchester Group, which manufacturers sporting arms and ammunition, has its principal arms and ammunition plants at New Haven, Connecticut and East Alton, Illinois, respectively. I would consider New Haven a "central city", and it is confronted by the chronic unemployment and other urban problems typically facing our older central cities today. Winchester employs about 2,000 persons at New Haven. Its facilities are old, multi-storied buildings -- some going back to the turn of the century -- and not the most efficient. Over the past several years, the company has been studying various alternatives, which include modernization at the present site, relocation to a nearby site accessible to the present labor force, relocation to a different part of the country, or a combination of keeping certain operations at New Haven while moving others to different locations. We are very mindful of the problems of New Haven, with which we have a long standing association. We have been engaged in discussions with the mayor and other state and local officials and have stated that we intend to keep certain Winchester arms manufacturing operations in New Haven for the foreseeable future.

In addition to the arms plant, we also have our principal chemicals and metals laboratories and a small brass mill at New Haven. We have no present plans for moving or expanding these facilities, which employ about 550 persons.

We maintain and will continue to maintain sales offices in several central cities. The number of persons employed at such offices is insignificant.

RESPONSE TO QUESTION 3

At our New Haven, Connecticut, facility, current recruiting programs for job vacancies include the listing of such openings with several agencies and organizations servicing the inner city work force, such as Connecticut State Employment Service, Urban League of New Haven and JUNTA for Progressive Action, Inc. In addition, several private employment agencies within the central city are utilized.

Winchester is involved in a work/study program with a local high school in the central City of New Haven whereby students are employed on a rotational basis each school term.

This program is entitled Study Participation and Career Education (SPACE). Also, preference in filling summer and/or part time openings is given to inner city students whose families are on welfare.

The company has cooperated with the City of New Haven in formulating plans to utilize the Comprehension Employment and Training Program (CETA), as well as the Human Resources Development Institute (HRDI) of the AFL-CIO.

RESPONSE TO QUESTION 4

Based primarily on our problems in New Haven, we believe that the following are typical of the problems of employers located in central cities:

1. Security. We have been plagued with increasing crime, which makes the location undesirable in the eyes of many employees and job applicants.

2. Education. The schools in general are not turning out graduates who are properly prepared to assume entry level positions in industry. Vocational training for "blue collar" type jobs is inadequate.

3. Taxes. Local tax rates are high and increasing rapidly. Local officials resist reduction of high property tax assessments on old, obsolescent buildings and machinery. Higher taxes make it more difficult to compete with companies located outside central cities, where taxes are generally lower.

4. Public Services. Mass transportation systems are poor and in disrepair. Police and fire protection and sanitation services tend to be inadequate.

5. Employer's Fringe Costs. Unemployment compensation costs are high for the employer, and the level of benefits makes it attractive for some not to work. In addition, basic medical costs are much higher than elsewhere.

6. City's Welfare Costs. Welfare costs are disproportionately high in central cities for a combination of reasons which are well known. The assumption of this burden by the Federal Government, and the adoption of a uniform, efficient plan providing incentives to seek employment would alleviate the problems of the central cities and presumably would reduce the local tax burdens on employers.

7. Housing. It is difficult for employees to find decent housing at prices they can afford.

8. Maintenance and Retrofit Costs. Older plants typically incur higher costs to maintain their facilities, and often they also would have to incur substantial costs in order to comply with regulations concerning pollution control, OSHA, etc. Rather than make piecemeal and costly changes in relatively old, inefficient facilities, it often makes more sense to invest capital in new and more modern facilities in an area not plagued by the problems of the central cities.

Experts have been struggling for years with the question of how new governmental policies might encourage employers to maintain or locate operations in central cities without Government's incurring intolerable additional costs. Listing some of the problem areas, as I have done above, may suggest in broad outline some of the steps which might be taken. The following are additional suggestions:

1. A variety of tax and financing incentives could be provided to make the central city location more attractive.

2. Maintain the present "cost-of-service" electric rate-setting practices. The alternative of owner-produced power is most unlikely within the central city. (N.B. Some current energy proposals would upset this practice.)

3. Amend the Clean Air Act to give EPA authority to allow State agencies to permit plant expansion or new plant installations in nonattainment areas, provided no danger to public health would be incurred, without going through the cumbersome and often unworkable process of finding and effectuating an emissions "offset."

A greater rapport between business and government should be mutually beneficial. Improving the relations and communications between business and government at all levels will foster a greater understanding of the needs and goals of each, and will hopefully encourage a greater commitment to fulfilling such needs and goals. We think there is much room for improvement in this area.

Very truly yours,

James F. Towey
Chairman and
Chief Executive Officer

(The map referred to showing domestic locations has been retained in the files of the Subcommittee.)

Oscar Mayer Quality Foods Since 1883 OSCAR MAYER & CO. · GENERAL OFFICES
P.O. Box 7188 · Madison, WI 53707 · (608) 241-3311 · TELEX 26 5466

November 23, 1977

Honorable Henry E. Reuss, Chairman
Subcommittee on the City
Committee On Banking, Finance, and
Urban Affairs Of the 95th Congress
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Chairman Reuss:

Your recent correspondence to our Chairman, Mr. Beach, has been referred to me for followup. The information you have requested is vital if any progress is to be made in improving central city unemployment. It is my opinion, however, that central city locations for executive and sales offices and research and development centers will do little to alleviate any unemployment problems. Though the central city may now be incompatible with building new heavy industry facilities, there should be some recognition of the dilemma of industries which are now located in or near central cities, but were outside these areas when originally built. I have attached an article which is descriptive of the problems which our company has encountered due to recently promulgated controls and regulations. There has to be a more reasonable attitude and greater spirit of cooperation, otherwise news such as this will be commonplace. It will do nothing but further erode the central city employment base.

I will assume other companies have had similar experiences and, hopefully, your committee will utilize this data to turn our efforts and priorities in the right direction - namely to provide more jobs to central city unemployed.

The following responses are in accordance with your letter. For purposes of reference, our total employment is approximately 13,000 persons.

1.

Madison, Wisconsin	-	3,700 employees
Chicago, Illinois	-	1,300 employees
Philadelphia, Pennsylvania	-	730 employees
Davenport, Iowa	-	1,865 employees
Los Angeles, California	-	675 employees

2. At present, the only firm plan to add to operation would be at Madison where a large sausage process is being built. This will not, however, make up for the loss of jobs due to the pork slaughtering shutdown at Madison per the attached article. As for the major influencing factors, the article speaks to the reduction of facilities question. The reason we are putting in the new operation is due to necessity and the cost is higher because of these regulations and controls.

3. Our company, through its affirmative action plans at each facility, has expressed its desire to recruit and train those classes of people which are underprivileged, unemployed, and disadvantaged, should suitable openings be available. We are in constant touch with central city agencies when jobs are available so that those that are unemployed know where to go to express an interest in our company.

4. Specifically, the problems we face in the central city have to do with environmental regulation, and as usually is the case, especially in Wisconsin, the state and local tax burdens are a severe detriment to expansion of facilities.

I trust that this information will be useful to your committee.

Sincerely yours,

Pat Richter
Assistant to Vice President,
Personnel & Industrial Relations

Attachment

OSCAR MAYER & CO. NEWS RELEASE
P O BOX 7188 · MADISON, WI. 53707 · PHONE (608) 241-3311

From: James P. Aehl
Public Relations Dept.
FOR IMMEDIATE RELEASE

MADISON, WI, November 10, 1977 -- Oscar Mayer & Co. announced today that it is planning to phase out its hog-slaughtering operations at its Madison plant over the next ten to twelve months.

A continuing downward trend in the supply of hogs in the Madison livestock procurement area, the obsolescence of some parts of the plant which are more than 60 years old,and the increasing difficulty of coping with environmental and energy problems were among the reasons given for the decision.

The jobs of some 600 of the company's 4,000 employees in the Madison area will be affected by closing of the hog-slaughtering facilities, but the company said that with the long phase-out period, it would make every effort to minimize unemployment by placing employees in new jobs or jobs made vacant by normal attrition, such as retirement or resignation.

The company said it has no plans to discontinue or curtail its production of processed meat products or other activities in Madison that provide the bulk of employment. A new building to house additional sausage processing facilities is currently under construction, the company pointed out. Beef slaughtering also will be continued at the Madison plant, and other corporate-wide activities, such as research, marketing, finance, operations and engineering, also will remain in Madison, which is the company's national headquarters.

The company does not expect that the closing of the Madison hog-slaughtering facilities will have a serious effect on the hog procurement market or agricultural economy of Wisconsin, in view of the fact that the hog supply has been diminishing and the company already has been forced to buy about 65 percent of its hogs out-of-

state to supply the Madison plant. Furthermore, the company intends to maintain livestock marketing centers in Wisconsin to buy hogs for its slaughtering facilities in Illinois and Iowa and cattle for the continuing beef slaughter in Madison.

The company said the hog supply in the Wisconsin livestock procurement area, although currently and periodically adequate, has declined 31 percent from the five-year period of 1959-1963 to the five-year period of 1972-1976. This decline in the hog supply, the excessive costs of keeping older, out-dated facilities in efficient working order and in line with changing government requirements, and steadily increasing costs for fuel and utility services have made continued operation of the hog-slaughtering facilities uneconomical, the company said.

###

OWENS-ILLINOIS

Daniel J Toth
Vice President
Administration

December 19, 1977

The Honorable Henry S. Reuss
House of Representatives
Washington, D.C. 20515

Dear Congressman Reuss:

Owens-Illinois, Inc. welcomes the opportunity to respond to the letter of October 27, 1977, written by you as chairman of the U. S. House of Representatives Subcommittee on the City, Committee on Banking, Finance and Urban Affairs and addressed to Edwin D. Dodd, Chairman of Owens-Illinois, Inc. We share with you a concern for our cities and the problems attendant thereto and appreciate the opportunity to make input for your committee's consideration.

In reply to your letter we are interpreting central cities to mean the geographic limits of the city or metropolitan area versus the suburban or outlying areas. In studying the many communities in which Owens-Illinois has plant, office, warehousing and research and development facilities, it is noted that there are many pockets of unemployed living in blighted or depressed areas separate and distinct from the "downtown" or "inner city" and indeed in need of assistance for the welfare of the total community.

It is in this context that Owens-Illinois submits this reply. In answering the first question, for example, we have included those facilities in the "inner cities" as well as those located in depressed areas outside the "inner cities" per se but within the cities and metropolitan areas themselves. On

Post Office Box 1035 Toledo, Ohio 43666 (419) 247-1191

the other hand, we have not included those facilities located in modern industrial parks even though they may be within the city or metropolitan area limits.

Question #1 - Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?

Answer - Owens-Illinois presently has manufacturing plants, research and development and warehousing units and sales and general office facilities in 30 of the top 50 metro markets in the United States as listed in the July 25, 1977 issue of Sales & Marketing Management. Attached is a copy of that list with the areas in which Owens-Illinois has current operations underlined.

Included are 16 plants employing a total of 7,500 persons, the general office and research and development facilities employing 2,950 and some 25 sales offices employing 400. These combined operations represent employment for approximately 10,850 persons of our total domestic payroll of 50,000.

Question #2 - What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?

Answer - The specific plans for the number of facilities involved are too numerous

to cite here. However, the company's plans are generally highly influenced by changes in marketing requirements, costs and organizational changes.

One specific expansion plan now being considered will perhaps serve to answer this question. Owens-Illinois is now considering the construction of a corporate headquarters building in the downtown Toledo area. One of the major factors which will influence these plans will be the city's ability to undertake and finance substantial capital improvements on public lands in the Central Business District. Since the city does not have the necessary financial resources to undertake the planned improvements, federal funds will be required.

Question #3 - What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?

Answer - Under the provisions of the Concentrated Employment Training Act of 1973 (CETA) 32 contracts resulting in the hiring and training of 740 persons were in effect during the last 12 months throughout Owens-Illinois. An additional 24 contracts recently have been entered into and further hiring and training is anticipated though no action has yet been forthcoming because of several reasons: temporary reductions

in current workforce, strikes and newness of the contracts. Furthermore, negotiations are currently underway with local CETA personnel to establish 9 more contracts in a like number of cities where Owens-Illinois has operating or manufacturing units.

Assuming normal conditions, we anticipate hiring and training from 900-1100 people under these programs in the next 12 months.

Twenty-eight of the present contracts and 5 of those presently under negotiation are located in, adjacent to or readily available to, and directed toward the unemployed in the true "inner cities" of communities both large and small.

Question #4 - Which existing federal, state or local policies, if any, discourage you from maintaining or locating operations in central cities? What new governmental policies would encourage you to maintain or locate operations in these areas?

Answer - We are not aware of specific policies that discourage. We are aware of several programs that encourage. The Urban Development Action Grant Program is one which can be helpful and should be pursued by any local government interested in revitalizing their Central Business District.

Please excuse the delay in this response. We hope it will be of some use to your Committee.

Very truly yours,

D. J. Toth

D. J. Toth

Attachment

POPULATION

Area	(Thous.)	Rank
New York	9,605.0	1
Chicago	7,003.8	2
Los Angeles - Long Beach	6,981.5	3
Philadelphia	4,784.5	4
Detroit	4,414.5	5
Boston - Lowell - Brockton - Lawrence - Haverhill	3,930.4	6
San Francisco - Oakland	3,156.4	7
Washington	3,056.5	8
Nassau - Suffolk	2,659.0	9
Dallas - Fort Worth	2,603.4	10
Houston	2,389.9	11
St. Louis	2,367.3	12
Pittsburgh	2,313.8	13
Baltimore	2,166.1	14
Minneapolis - St. Paul	2,042.3	15
Newark, N.J.	1,990.0	16
Cleveland	1,955.7	17
Atlanta	1,849.3	18
Anaheim - Santa Ana - Garden Grove	1,776.0	19
San Diego	1,655.9	20
Miami	1,465.4	21
Denver - Boulder	1,442.4	22
Seattle - Everett	1,431.5	23
Milwaukee	1,428.5	24
Tampa - St. Petersburg	1,427.1	25
Cincinnati	1,379.1	26
Buffalo	1,322.4	27
Kansas City	1,290.3	28
Riverside - San Bernardino - Ontario	1,262.9	29
Phoenix	1,257.3	30
San Jose	1,210.1	31
Indianapolis	1,156.8	32
New Orleans	1,117.0	33
Portland, Ore.	1,103.6	34
Columbus, Ohio	1,086.6	35
Hartford - New Britain - Bristol	1,059.9	36
San Antonio	993.6	37
Rochester, N.Y.	975.7	38
Sacramento	902.9	39
Louisville	895.3	40
Fort Lauderdale - Hollywood	886.3	41
Memphis	880.5	42
Providence - Warwick - Pawtucket	862.5	43
Denver	853.2	44
Bridgeport - Stamford - Norwalk - Danbury	812.5	45
San Luis City - Ogden	820.5	46
Birmingham	802.3	47
Albany - Schenectady - Troy	799.7	48
Norfolk - Virginia Beach - Portsmouth	787.3	49
Toledo	782.1	50
Total Top 50	101,143.7	
Greensboro - Winston-Salem - High Point	776.2	51
Oklahoma City	772.9	52
Nashville-Davidson	769.7	53
New Haven - West Haven - Waterbury - Meriden	762.7	54
Honolulu	724.5	55
Jacksonville	716.1	56
Akron	663.9	57
Syracuse	648.0	58
Worcester - Fitchburg - Leominster	644.2	59
Northeast Pennsylvania	643.8	60
Gary - Hammond - East Chicago	635.9	61
Allentown - Bethlehem - Easton	627.5	62
Charlotte - Gastonia	605.8	63
Orlando	601.4	64
Tulsa	596.3	65
Raleigh - Durham	596.1	66
Springfield - Chicopee - Holyoke	595.2	67
New Brunswick - Perth Amboy - Sayreville	589.6	68
Omaha	579.8	69
Jersey City	579.7	70
Grand Rapids	567.0	71
Youngstown - Warren	547.5	72
Greenville - Spartanburg	534.7	73
Wilmington, Del.	526.6	74
Flint	523.5	75
Long Branch - Asbury Park	488.6	76
Raleigh - Durham	483.7	77
West Palm Beach - Boca Raton	480.5	78
New Bedford - Fall River	469.1	79
Tucson	467.3	80
Fresno	460.8	81
Oxnard - Simi Valley - Ventura	459.5	82
Paterson - Clifton - Passaic	453.2	83
Lansing - East Lansing	449.6	84
Knoxville	443.2	85
El Paso	432.7	86
Harrisburg	432.6	87
Tacoma	427.8	88
Baton Rouge	425.0	89
Austin	410.8	90
Mobile	408.6	91
Canton	403.9	92
Johnson City - Kingsport - Bristol	403.9	93
Albuquerque	401.7	94
Chattanooga	395.5	95
Wichita	385.1	96
Charleston - North Charleston, S.C.	380.2	97
Little Rock - North Little Rock	380.0	98
Columbia, S.C.	376.1	99
Fort Wayne	374.9	100
Total Top 100	137,670.4	

Area	(Thous.)	Rank
Davenport - Rock Island - Moline	373.8	101
Peoria	357.8	102
Newport News - Hampton	356.7	103
Bakersfield	355.7	104
Beaumont - Port Arthur - Orange	353.1	105
Shreveport	351.4	106
York	350.6	107
Las Vegas	345.6	108
Lancaster	344.6	109
Utica - Rome	337.7	110
Des Moines	331.9	111
Trenton	325.4	112
Madison	314.8	113
Reading	308.4	114
Binghamton	304.7	115
Corpus Christi	304.7	115
Stockton	304.6	117
Spokane	303.4	118
Colorado Springs	301.9	119
Lexington-Fayette	301.2	120
Jackson, Miss.	293.7	121
Huntsville	291.3	122
Huntington - Ashland	291.1	123
Appleton - Oshkosh	289.3	124
Vallejo - Fairfield - Napa	288.4	125
Evansville	286.7	126
Santa Barbara - Santa Maria - Lompoc	284.9	127
Augusta	281.1	128
Lakeland - Winter Haven	278.8	129
Salinas - Seaside - Monterey	278.6	130
South Bend	277.9	131
Pensacola	275.2	132
Erie	274.7	133
Rockford	270.9	134
Lorain - Elyria	270.8	135
Johnstown	268.1	136
Kenosha - Racine - Portage	267.6	137
Ann Arbor	258.4	138
Duluth - Superior	258.3	139
Charleston, W. Va.	258.2	140
Santa Rosa	254.9	141
Montgomery	254.6	142
Manchester - Nashua	249.7	143
Hamilton - Middletown	248.9	144
Eugene - Springfield	248.6	145
Harrisburg - Middletown	246.7	146
New London - Norwich	242.3	147
Macon	239.2	148
Melbourne - Titusville - Cocoa	239.0	149
Poughkeepsie	238.1	150
Total Top 150	142,299.4	
Fayetteville, N.C.	237.7	151
Portland, Me.	232.1	152
McAllen - Pharr - Edinburg	230.8	153
Modesto	230.3	154
Saginaw	227.2	155
Columbus, Ga.	225.6	156
Roanoke	221.3	157
Killeen - Temple	219.9	158
Salem	217.2	159
Benton Harbor - St. Joseph	217.1	160
Daytona Beach	211.9	161
Lima	211.9	161
Savannah	209.3	163
Lubbock	206.3	164
Springfield, Mo.	190.8	165
Lincoln	189.5	166
Atlantic City	188.2	167
Galveston - Texas City	186.5	168
Springfield, Ohio	183.9	169
Wheeling	184.7	170
Brownsville - Harlingen - San Benito	182.6	171
Battle Creek	182.5	172
Fort Smith	182.5	172
Springfield, Ill.	182.3	174
Topeka	180.6	175
Muskegon - Norton Shores - Muskegon Heights	177.5	176
Anchorage	177.2	177
Biloxi - Gulfport	177.2	177
Racine	176.9	179
Provo - Orem	175.1	180
Kannapolis - Concord - Salisbury	173.0	181
Green Bay	174.8	182
Sarasota	170.1	183
Asheville	169.3	184
Cedar Rapids	168.7	185
Terre Haute	167.9	186
Champaign - Urbana - Rantoul	166.1	187
Steubenville - Weirton	165.6	188
Fort Myers	165.2	189
Amarillo	159.0	190
Santa Cruz	157.6	191
Yakima	157.4	192
Waco	156.9	193
Reno	155.1	194
St. Cloud	154.6	195
Parkersburg - Marietta	153.1	196
Lake Charles	152.5	197
Fayetteville - Springdale	151.1	198
Lynchburg	148.3	199
Jackson, Mich.	148.1	200
Total Top 200	151,534.4	
Clarksville - Hopkinsville	146.6	201
Pittsfield	146.3	202

Area	(Thous.)	Rank
Jamestown	145.5	203
Boise	142.6	204
Tallahassee	141.0	205
Anderson, Ind.	138.1	206
Bangor	137.7	207
Alexandria, La.	137.3	208
Altoona	135.0	209
Janesville - Beloit	134.8	210
Waterloo - Cedar Falls	134.4	211
Elkhart	134.2	212
Vineland - Millville - Bridgeton	134.0	213
Gainesville	133.9	214
Wichita Falls	133.9	214
Abilene	132.9	216
Fargo - Moorhead	132.2	217
Wilmington, N.C.	131.7	218
Mansfield	130.1	219
Monroe	129.9	220
Longview	129.7	221
Lafayette, La.	129.6	222
Muncie	128.3	223
Tuscaloosa	128.3	223
Pueblo	127.9	225
Petersburg - Colonial Heights - Hopewell	127.3	226
Decatur	127.0	227
Bradenton	126.3	228
Fort Collins	125.5	229
Kenosha	125.3	230
Florence	125.1	231
Eau Claire	123.2	232
Bremerton	123.0	233
Sioux City	122.5	234
Bloomington - Normal	121.7	235
Joplin	119.1	236
Bay City	119.0	237
Anderson, S.C.	118.0	238
Williamsport	116.2	239
Newark, Ohio	116.0	240
Texarkana	114.8	241
Lafayette - West Lafayette	113.6	242
Tyler	111.0	243
Burlington, Vt.	109.6	244
Danville, Va.	109.3	245
Greeley	109.0	246
Hagerstown	108.9	247
Anniston	108.5	248
Pascagoula - Moss Point	107.2	249
Athens	106.9	250
Total Top 250	157,844.4	
Richland - Kennewick	106.1	251
Wausau	105.3	252
Michigan City - La Porte	104.8	253
Kokomo	104.1	254
Odessa	102.9	255
Albany, Ga.	102.8	256
St. Joseph	101.6	257
Sioux Falls	101.6	257
Burlington, N.C.	101.3	259
Billings	101.0	260
Lawton	100.7	261
Sheboygan	100.2	262
Elmira	99.1	263
Grand Forks	99.0	264
Kankakee	97.3	265
Danville, Ill.	96.3	266
Gadsden	95.9	267
Lewiston - Auburn	94.9	268
Olympia	94.8	269
Dubuque	94.2	270
Bloomington, Ind.	92.3	271
Panama City	92.0	272
Rochester, Minn.	91.5	273
Columbus, Miss.	89.8	274
Rapid City	87.1	275
La Crosse	86.5	276
Marion	86.2	277
Great Falls	86.1	278
Manitowoc - Two Rivers	83.9	279
Las Cruces	83.8	280
Owensboro	83.2	281
Pine Bluff	82.6	282
Laredo	80.6	283
Sherman - Denison	79.8	284
Hattiesburg	79.4	285
Iowa City	77.6	286
San Angelo	76.1	287
Jackson, Tenn.	74.5	288
Bryan - College Station	74.4	289
Meridian	73.1	290
Midland	72.4	291
Quincy, Ill.	70.5	292
Bismarck	69.5	293
Muscatine	67.5	294
Cheyenne	67.1	295
Lawrence, Kans.	66.1	296
Pocatello	64.5	297
Santa Fe	63.7	298
Victoria	59.5	299
Enid	59.3	300
Total Above Areas	162,169.1	
Percent of U.S.	75.1195	
U.S. Total	215,881.4	

PEPSICO INC
PURCHASE, N.Y. 10577
TEL. (914) 253-3000

DONALD M. KENDALL
CHAIRMAN,
CHIEF EXECUTIVE OFFICER

November 30, 1977

The Honorable Henry S. Reuss
House of Representatives
2413 Rayburn House Office Building
Washington, D. C. 20515

My dear Congressman:

In responding to your request of October 27, 1977, we used metropolitan areas of 250,000 or more inhabitants as "central cities." Attached is a list of those by division and location of employees. These numbers are approximations and they only deal with facilities as opposed to sales personnel who may work in or around a specific city.

It is extremely difficult to say specifically what plans PepsiCo has to expand or contract operations in these localities in the next five years. We have to assume our business growth will result in employing additional people; however, I can tell you that we currently have no plans to dramatically expand our facilities in any of the locations listed for you. Nor do we have plans to dramatically reduce our operations in these facilities. As a division increases its sales in a particular part of the country, we begin to evaluate the economics of a facility close to that market vs. cost of transportation. Decisions to close facilities are generally a function of size, the smaller the operation the more impact economies of scale have on determining whether to close an operation or not. Since we have not listed our smaller operations, it might be safe to assume we have no plans to close the listed operations in the foreseeable future.

With respect to recruitment of job-training activities, each of our facilities has specific in-house training programs designed to ensure new employees learn their jobs as quickly and efficiently as possible. Since most of our operations are relatively small when compared to such industries as automotive and steel, we feel we can be more effective through the utilization of internally controlled job training activities than through public supported programs.

Because we do have a strong commitment to Equal Employment, each operation has an affirmative action plan and gears its recruitment program to meet this plan. Further, because of the effectiveness of our internal training efforts and depending on the skill level of the job, our recruitment activity includes both employed and unemployed individuals.

The most critical domestic problems facing the nation today are economic ones such as unemployment, declining productivity and inflation. In the treatment of these, we should not make the mistake of adopting a provincial view. As someone recently commented, too many view "the enlightened world as centered in New York City bounded by Cambridge, Massachusetts to the north, New Jersey to the west and Washington, D. C. to the south."

Unfortunately, when it comes to economic issues, too many are unaware that any nongovernmental alternatives exist. For years, politicians in New York City accepted the policy of huge spending programs which ultimately led to colossal deficits. As a result, New York is in a dreadful financial bind. Yet many still advocate a continued support of federal programs which cannot be justified in terms of federal revenues.

I believe it is imperative that everyone working on these economic problems should familiarize themselves with the economic realities and with the availability of nongovernmental alternatives. I hope the foregoing will be of some assistance to you and your committee in its work. If I can be of further assistance, please let me know.

Sincerely,

Donald M. Kendall

Donald M. Kendall

Enclosure

LOCATION	PEOPLE
Wilson	
Grand Rapids	550
Chicago	1000
Frito-Lay	
Los Angeles	300
Detroit	500
Washington	150
Dallas	2000
Houston	250
St. Louis	150
Cucamonga	300
San Jose	300
Indianapolis	100
San Antonio	250
Memphis	150
Greensboro	120
Jacksonville	120
Orlando	300
Jackson, Miss.	250
Transportation	
Oklahoma City	400
Ft. Wayne	850
Pepsi-Cola	
Long Island City	160
Dallas	150
Houston	150
Orlando	250
Los Angeles	900

23-313 O - 78 - 20

PFIZER INC., 235 EAST 42nd STREET, NEW YORK, N. Y. 10017

EDMUND T. PRATT, JR.
Chairman of the Board

November 30, 1977

The Honorable Henry S. Reuss, Chairman
Subcommittee on The City
Committee on Banking, Finance and Urban Affairs
U.S. House of Representatives
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Mr. Reuss:

In response to your letter of October 27, we have set forth below our answers to each of the questions in your letter:

1) Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?

Our Company employs 15,700 people in the United States of which the following may be regarded as employed in the central cities: 3,850, New York City; 215, Chicago; and 362, East St. Louis area. In addition to the 3,850 in New York City, the Company employs 1,000 persons in the Metropolitan New Jersey area which, while not necessarily the inner city as normally described, does represent a densely populated area.

2) What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?

In September of this year, Pfizer expanded its operations in New York City when our subsidiary, Howmedica, Inc., acquired all of the capital stock of Deknatel, Inc., a surgical supplies manufacturer which employs some 400 people in two plants in Queens County and one plant in Coventry, Connecticut. Our analysis of current economic trends in New York City was one of the considerations involved in this decision. We expect our businesses in New York City to grow but we have no other plans to expand or contract these operations in the next five years.

3) What recruitment or job-training activities does your

corporation sponsor that are specifically aimed at the unemployed in central cities?

The Company has participated in job training activities for unemployed youths in the New York area, primarily related to summer employment. The Company is also engaged in several cooperative education programs in the New York City area with students at the high school and junior college levels. These cooperative programs focus on secretarial studies and related positions at the high school level and on the college level for positions as laboratory assistants or as business trainees. A substantial number of the participants in the cooperative education programs are minorities and females.

4) Which existing federal, state or local policies, if any, discourage you from maintaining or locating operations in central cities? What new governmental policies would encourage you to maintain or locate operations in these areas?

On January 28, 1977, the Business Labor Working Group published its recommendations for a comprehensive economic regeneration program for New York City. I was pleased to be among the twenty-five business and labor leaders involved in this important activity. Our report summarized over 300 pages of findings developed in 14 separate "working group" reports, each focusing on a particular economic sector of the City. While the specific recommendations responded to the situation in New York City, it is likely that most would apply to other cities as well.

Perhaps I can best reply to this question by summarizing the three main themes which emerged from the Business Labor Working Group discussions and from the individual working group reports. First, there was a clear recognition of the need for a more visible sense of public sector control and credibility. The report calls attention to a large number of issues which have arisen (in New York City, but certainly in other cities, too) related to fiscal soundness, bureaucratic reform and management -- reflecting a general sense of despair before the perceived size and complexity and often contradictory behavior of city government. Second is the need for greater emphasis on economic factors in a manner that recognizes the common good as well as special interests. Third is the need for ongoing cooperation between management and labor, and between the public and private sectors.

If I were to attempt to answer this question with one word of advice, it would be this: the cities must make business feel welcome. Public officials simply cannot, on one hand, attack business and the free enterprise system and then, on the other hand, wonder why business relocates to other more hospitable areas. I firmly believe that it is through the development of a friendly and welcome environment and the creation of economic incentives that business will be attracted to remain in or relocate to our cities.

Sincerely yours,

E. T. Pratt, Jr.

JOSEPH F. CULLMAN 3RD
100 PARK AVENUE
NEW YORK, N. Y. 10017

Chairman of the Board
PHILIP MORRIS INCORPORATED

October 30, 1977

Dear Mr. Reuss:

I want to thank you and the other members of the Subcommittee on the City for allowing me the opportunity to respond to your questionnaire on unemployment and the plight of our central cities. It's a problem that warrants a great deal of thought and I'm pleased to see you give it the priority consideration it deserves.

As you know, Philip Morris, Inc. has long been involved in the operation of major facilities in some of our nation's largest cities. For example, Philip Morris U.S.A. employs over 8,900 people in Richmond, Virginia and over 4,100 in Louisville, Kentucky. In Milwaukee, Wisconsin the Miller Brewing Company employs 3,500 and Philip Morris Industrial employs 595.

In addition to these cities, we have almost 900 people working at our Corporate headquarters here in New York City and you may recall our August 1976 decision to remain here for another 15 years. I have enclosed a copy of a New York Times article discussing our commitment in greater detail.

Philip Morris recognizes that the responsible role a corporation plays in the life of its employees, stockholders and people in its plant communities is increasingly a matter of corporate concern. We have continued to make progress in

the employment and upgrading of minorities and women. About 25% of our employees are members of minority groups and 28% are women. Members of minority groups occupy 11% of our managerial, professional and technical-level positions and women hold 16% of such positions. We also support a scholarship program for men and women who want to upgrade their positions or re-enter the work force.

Another program in which we take a great deal of pride is our "In-Kind Services" Program. The enclosed pamphlet outlines this program which was specifically designed to help city governments.

I firmly believe, and feel Philip Morris has demonstrated, that the private sector can and will continue to provide many of the answers to our inner city unemployment problems. Your study can do much to bring this point into public focus and hopefully, our full potential will then be realized by those of you who have the power to initiate rational programs designed to help us meet the needs of the inner city resident.

If we are to continue to provide jobs and services to the people of New York, Richmond, Milwaukee, Louisville, etc., it will be essential to keep an open dialogue between public officials and business leaders. I am anxious to do so and would be interested in reviewing the results of your study.

I hope this information is helpful and look forward to hearing from you in the near future.

Sincerely,

Joseph F. Cullman 3rd

The New York Times

THURSDAY, AUGUST 26, 1976

Philip Morris Will Stay in New York

By PETER KIHSS

After more than a year of intensive studies of possible moves elsewhere, Philip Morris Inc., the nation's second largest maker of cigarettes, announced yesterday that it would not only keep its world headquarters in New York City, but would even expand its operations here.

Through its Miller Brewing Company, Philip Morris is also the nation's fourth largest brewer.

Company executives reported studies found that congestion was increasing in the suburbs and that annual rentals for sites available in Stamford, Conn., were $2.18 to $8.94 a square foot above comparable Manhattan locations.

Two-thirds of the company's employees would have had to be relocated, and convenient contact with communications and other services would be lost in any move, outweighing tax gains that could have been made, the company said.

15-Year Lease

Joseph F. Cullman 3d, the company chairman, signed a 15-year lease to stay at least until August 1991 in the 36 story skyscraper owned by the Prudential Insurance Company at 100 Park Avenue, between 40th and 41st Streets.

This committed Philip Morris to cumulative rents of $35 million, and it also plans to spend $5 million more on renovations. From a present 700 employees, half of them at management level, and a $15 million annual payroll, the operation is to expand to 1,000 employees by 1980.

For a celebration outside the building and in its lobby, the company recalled from a two-year retirement in Brooklyn 4-foot, 4-inch Johnny Roventini to don his old red bellboy jacket and black cap and yell the drawn-out "Call for Philip Morris" he made famous on radio starting in 1933. Johnny, now 66 years old, gave Mayor Beame a big red apple to affirm that "Philip Morris Loves New York."

The 5-foot 2-inch Mayor towered over Johnny and rejoined that he was happy that "Philip Morris continues to call New York its home," adding that "we consider it to be Marlboro country. Marlboro, the company says, is now the nation's top-selling cigarette.

Five Divisions

Philip Morris Inc. is No. 74 on Fortune magazine's list of 500 United States companies based on last year's sales, up from No. 92 the year before. Operating revenues from its five divisions were $3.6 billion last year in more than 150 countries. Three-fourths of its revenues come from tobacco, with its cigarette sales exceeded only by those of R. J. Reynolds Industries.

Philip Morris has had its headquarters in New York City for 71 years, and at 100 Park Avenue since the building was completed in 1950. It currently uses 170,000 square feet on five floors, and the new lease increases this by 62 percent, to 275,000 square feet, with options for a possible 300,000.

"We have confidence in the continuing vitality of New York," Mr. Cullman said.

Last year, the company paid more than $126 million in taxes to the state and local governments in New York State. It estimates that it deals with more than 1,000 businesses in the city, including advertising and public relations agencies, printers, banks and law firms.

Its present leases would have expired in 1980. A year ago, according to Russell N. Freund, vice president, for personnel, said the company began studying possible relocation, commissioning a report by James D. Landauer

Philip Morris to Keep New York Headquarters

Continued From Page 35

Associates, drawing on a study its Miller subsidiary had made of 24 sites across the United States and also negotiating with Cushman & Wakefield manager of the Park Avenue building.

The company had some "practical knowledge of Connecticut," Mr. Freund said, since its Polymer Industries, a chemical affiliate, formerly had a headquarters and still has a research laboratory in Stamford.

"We found that in a short few years, congestion has become just as intense in Stamford as on 42d Street in New York," Mr. Freund said.

Of 704 current headquarters employees, 160 live in Manhattan, 112 in Queens, 86 in Brooklyn, 43 in the Bronx, 10 on Staten Island, 69 on Long Island, 66 in Westchester County 17 farther upstate, 110 in New Jersey, 29 in Connecticut and two in Pennsylvania.

Lives in Manhattan

The chairman lives in Manhattan and East Hampton, L.I.; the president in Rumson, N.J.; the vice chairman and executive vice president in Rye, N.Y., and another executive vice president in the city.

"If we moved from Manhattan, two-thirds of our employees would have had to move and disrupt their life styles," Mr. Freund said. "We didn't want to do that to them."

Half the headquarters staff is involved in marketing programs, Mr. Freund said. Robert F. Tracey, director of promotion, deals with advertising and communications representatives.

"For us to be outside in New Jersey or Connecticut, we would be handicapped," Mr. Tracey said. "it's not a matter of dollars and cents. 'Td just spend half my time on the train or driving."

Not a Garden Spot'

Ken Patton, president of the Real Estate Board of New York and a former city Economic Development Administrator, said at yesterday's celebration that "the suburbs are not a garden spot."

Aside from "isolation," Mr. Patton said, "the cost of going is enormous" involving both land and new construction. He said Connecticut office rents were frequently $3 a square foot higher than in New York City because building there had occurred during recent inflation.

The New York City location does have an extra tax burden. The Philip Morris findings were that a headquarters move to Connecticut could avoid annual New York City taxes of $800,000, and could reduce its New York State income tax from $1.5 million to $800,000.

Since Connecticut has no personal income tax, an employee now living in New York and earning $25,000 a year could save about $2,625 a year in taxes currently payable to New York State and New York City if he moved to Connecticut, according to the company studies.

Personal Property Tax

Such an employee's net gain would be reduced by Connecticut's personal property tax, and company officials noted Connecticut could still introduce a personal income tax or increase its state sales tax.

Of the Fortune 500 top companies' listing, Connecticut now has nine in Greenwich, seven in Stamford and one each in Fairfield, Wilton and Westport.

The Philip Morris findings were that more than 2 million square feet of office space built in Greenwich since 1967 had changed its character from a country village to a small city.

Landscaped Lots

The findings indicated that resentment by local residents to more such change had led the Greenwich Planning and Zoning Commission to reject a Xerox Corporation building proposal in 1973, and to limit office construction in 1974 to three stories with large landscaped lots and underground parking for 80 per cent of the cars.

Last March the Greenwich commission imposed a six-month ban on construction of office, apartment and retail store buildings over 6,000 square feet while considering long-range solutions.

However, Stamford was termed more receptive to office construction, with more land available and zoned for development. Philip Morris officials said they had been approached by real estate interests from a number of areas when word got around about a possible move.

Abraham Goodman, New York City's Acting Economic Development Administrator, attending yesterday's ceremony, said the city was prepared to offer detailed analysis of financial, labor and other advantages.

Jack Bush, his director of corporate affairs, said the tax issue depended largely on the state, but also depended on how headquarters companies allocated shares of taxes and income in their accounting.

POLAROID CORPORATION
CAMBRIDGE, MASSACHUSETTS 02139

November 29, 1977

Henry S. Reuss, Chairman
U. S. House of Representatives
Subcommittee on the City Committee
on Banking, Finance and Urban
Affairs of the 95th Congress
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Chairman Reuss:

In response to your letter of October 27, 1977 requesting information from major corporations and the contributions they are making to help the central cities, attached please find a dissertation on Inner City, a subsidiary of Polaroid Corporation located in Boston, Massachusetts. This written document was prepared by Mr. James Myers who until recently was the Manager of Inner City.

I hope that this document will be helpful to your committee.

Very truly yours,

POLAROID CORPORATION

Lewis H. Atkins
Personnel Manager
General Engineering Division

Attachment

INNER CITY, INC.

One of the biggest domestic problems has been the struggle of America's Black (and other minority groups) citizens for economic equality. The Black man, engulfed in problems of underemployment, no employment, inferior education, no job skills, welfare rolls, poor health, and ghetto housing and living, has been fighting his way out. And he is now receiving help.

During the past few years, big business generally has taken a major role in helping the Black man in his struggle to achieve economic equality. Programs, as a result of these efforts, have been aimed at the hard-core unemployed. Their purpose has been to help the Black get and hold decent jobs.

Polaroid Corporation, a growing private manufacturer of instant photographic cameras and related products, has felt that it has a responsibility to help improve the plight of minority group citizens. The Inner City Program is an example of one of several programs which the Company has inaugurated, to achieve this goal.

What Inner City, Inc. Is:

Inner City, Inc., is a business that has as its goal, taking individuals who might not have been able to get jobs in industry, making it possible by the work they do themselves, to get those jobs. The tool used to accomplish this goal is a manufacturing operation.

Specifically, the Inner City, Inc., program was designed (1) to take those members of the community who were underemployed or unemployed and who demonstrated an interest in pursuing manufacturing work experience and (2) to give them a chance to develop a satisfactory work record in a real manufacturing environment.

Inner City, Inc., is a manufacturing orientation center. Its purpose is to orient and expose the trainee to the components that make up the manufacture of a sellable product for profit.

Inner City, Inc., has the responsibility of meeting quality standards, of controlling costs, of maintaining proper facilities, and of developing a high quality work force.

Its chief goal is to create a flow of employees moving on to career job opportunities on a permanent basis.

The trainee is oriented to an uncomplicated machine operation. He then operates the machine and helps produce a sellable product. He learns what his responsibilities are to himself, to his coworkers and to industry. The goal is to create a producing team of which the trainee feels an integrat part. The trainees are progressing most satisfactorily when they are producing a product. Hopefully, these goals are accomplished within a relatively short period of time.

The trainee is expected to do two things:

1. gain a satisfactory machine operation experience, including the related material handling practices.
2. learn the appropriate behavior expected of him, if he is to hold down a job. This is accomplished by having the trainee build up a satisfactory personal work record.

After the trainee has accomplished these two goals, he is then ready to be hired, hopefully, as a permanent employee in industry.

The Inner City, Inc., program provides a firm assurance of job placement in a steady full-time entry level job in industry to those trainees successfully completing the program. Job placements are made with Polaroid and other industrial companies.

Follow-up of trainees after they have been placed on permanent jobs

has been build into the program.

What Inner City, Inc., is Not:

1. a skill training center. It does not train a specific skill, e.g. how to be a machinist, draftsman, etc. It provides an orientation to the industry setting.
2. an educational center, whose purpose is to make up academic educational deficits in the trainees. Trainees can have a minimum education level, but it should be sufficient so that they are comfortable, able to read and to follow written directions. Once the trainee is hired by Polaroid, he would take advantage of Polaroid's Educational Department programs. Trainees not meeting the minimum educational standards are to be beefed-up by the community recruiting agency before being referred to Inner City.
3. a "soul-saving center," whose purpose is to reform the trainee's life and work habits without regard or thought to the production and profit aspect of industry.
4. a Black-owned Manufacturing Plant. Inner City, Inc., is totally owned and supported by Polaroid Corporation.

The conceptualization and direction for the development of the Inner City, Inc., program was done by Arthur Barnes, Vice President, Manufacturing, Polaroid Corporation.

Basically, the original plan for the Inner City, Inc., program was a simple, uncomplicated idea:

1. The exposure of unemployed persons (trainees) to a manufacturing operation and orienting them sufficiently to its operation so they can obtain jobs doing similar type work.
2. The length of the orientation exposure would be flexible, according to each trainee's needs. However, it hopefully would

be relatively short period of time (3-6 months).

3. A community recruitment agency (O.I.C.) would do all the recruiting, screening and feeder-training of prospective trainees. Inner City, Inc., itself would not be involved in this area. Inner City, Inc., would accept all trainees referred by the community agency. Inner City, Inc., would also not be put in a position to fail anyone. If a trainee did not successfully complete his orientation experience, he would be sent back to the community agency for further counseling and help.
4. Once the trainee had successfully completed the orientation program, he would be placed on a permanent job, with sufficient follow-up to insure his success.
5. The Inner City, Inc., program would be staffed by Polaroid personnel recruited for this purpose from Polaroid Corporation. It would not be a career job for the Polaroid staff. It would also provide an opportunity for the Polaroid staff to get involved in helping to solve the ghetto employment problem.

Most of the applicants to Inner City are referred to us by present trainees or graduates of this program. In addition to this some applicants have applied for work at Polaroid and have been directed to Inner City as the most appropriate way of getting into the company. Others have been referred here through various community agencies and rehabilitation programs.

The first thing an applicant must do is fill out an Inner City application. After this they are put on a waiting list and are accepted into our program on a first come basis. Applicants are then notified to come in for an interview with the personnel assistant. At this interview they are told about general policies of Inner City employment. Following is a brief explanation of these policies. What is Inner City? The

history of Inner City is briefly explained along with the goals of our training program. These goals are briefly summarized by saying that we try to help our graduates get permanent positions at generally higher pay rates than they are accustomed to. It is necessary that the interviewer make certain that every applicant be available to work at least two out of the possible three shifts. This is a necessary condition of employment since most job openings at Polaroid and other companies are on the B and C shifts and most applicants want to work the A shift. If an applicant only will accept A shift employment after their Inner City training, they are not accepted into the program. Educational opportunities at Inner City are covered with an explanation of A.B.E. and E.S.L. Inner City observes the same holidays as Polaroid and, in addition, observes as commemoration days the birthdays of Martin Luther King, Jr., (January 15) and Malcolm X (May 19). It is also explained that all trainees are paid for these days as long as they work a full day before and after the holidays. Since the length of time a trainee spends at Inner City varies widely, we have no vacation schedule. Instead we observe bonus days. A bonus day is earned by twenty (20) consecutive days of perfect attendance. The trainee is entitled to one bonus day, or day off with pay, for every twenty perfect days he/she may have. Another condition of employment is participation in the Inner City insurance plan. If an applicant already has outside coverage and can verify this they do not need to take our insurance. This insurance covers only the individual worker. Each trainee pays $1.15 per week for this coverage and Inner City pays an additional $1.15 per trainee. Finally, each applicant is reminded that they must bring a birth certificate and a social security card

when they come to start work.

After the applicant has completed the interview session, they are set up with an appointment to take a physical at the Polaroid Medical Department. If they pass the physical they are notified when they will be starting at Inner City. Notification is by means of a letter which explains hours of work, pay rate and a reminder to bring their birth certificate and social security card when they start work.

There are several phases in the training program. Phase I is a four week segment that serves to introduce incoming trainees to a manufacturing environment. During this period of time the trainees are introduced to the concepts and skills that will enable them to succeed in their job placements. Though these trainees have many different educational and work experiences, there are some topics that are necessary to be covered during Phase I. The following topics are emphasized: attendance, performance, attitude, and motivation, manufacturing language, basic machine knowledge, safety, measurements of performance, communications, production reports and quality control. These topics are felt to be necessary to give the trainees a solid background which will aid them in their permanent positions.

In covering the above mentioned topics the primary objective of Phase I should be kept in mine. This is to prepare the trainees so that they can get a job and then be able to compete and succeed once they are on the job. It is easy to lose sight of this objective and get involved in areas that are not directly related.

Another area which is essential in preparing the trainees for jobs is the development of self-confidence in their work capabilities. Many trainees have a tendency to under-estimate themselves and this can hinder their development at Inner City and later on their permanent jobs.

During Phase I and II some of the trainees will be attending classes conducted by the Polaroid Education Department. These classes are involved in Adult Basic Education (A.B.E.) and English as a Second Language (E.S.L.). The purpose of these classes is to provide the trainees with basic reading, writing and math skills that will enable them to be successful on their jobs.

Phase II can last anywhere from four to sixteen weeks with $2.45 an hour pay rate. The length of Phase II depends upon how well the individual trainee is doing. Phase III is for trainees with special skills (usually in the clerical-secretarial areas) who plan on staying at Inner City for longer than the average length of time in order to develop these skills. The pay rate of Phase III is $2.60 an hour. The staff members decide who is eligible for Phase III training.

Inner City, Inc., has developed from the point of using primarily sub-assembly operations in its training program in 1968 to a point today where 95% of the manufacturing operations are final products. Items such as flashguns, printed identifications and various accessory packaging kits are assembled in their final format at Inner City and shipped to distribution centers.

We have come a long way at Inner City, but there is much more that can be done.

THE PROCTER & GAMBLE COMPANY

EXECUTIVE OFFICES

P. O. BOX 599 CINCINNATI, OHIO 4520

November 15, 1977

The Honorable Henry S. Reuss
U.S. House of Representatives
604 House Office Building Annex 1
Washington, D.C. 20515

Subject: Response to questions asked by the U.S. House of Representatives' Committee on Banking, Finance and Urban Affairs, Subcommittee on the City

Dear Mr. Reuss:

1. The following Procter & Gamble operations are located in what we would describe broadly as central city areas:

   a. Corporate Headquarters in Cincinnati
   b. Ivorydale Technical Center in Cincinnati
   c. Traffic and Export Offices in New York City
   d. Traffic Office in San Francisco
   e. District Sales and Accounting Offices as follows:

      Augusta, Georgia
      Baltimore, Maryland
      Boston, Massachusetts
      Chicago, Illinois
      Cincinnati, Ohio (three office locations)
      Dallas, Texas
      Honolulu, Hawaii
      Kansas City, Missouri
      Los Angeles, California
      Milwaukee, Wisconsin
      New Orleans, Louisiana
      Newark, New Jersey
      Oklahoma City, Oklahoma
      Sacramento, California
      St. Louis, Missouri
      Syracuse, New York

f. Manufacturing Plant locations as follows:

Augusta, Georgia (Buckeye)
Baltimore, Maryland
Cheboygan, Michigan
Chicago, Illinois
Corinth, Mississippi
Dallas, Texas
Dayton, Ohio
Fort Worth, Texas
Green Bay, Wisconsin
Kansas City, Kansas
Kansas City, Missouri
Lexington, Kentucky
Little Rock, Arkansas
Long Beach, California
Macon, Georgia
Memphis, Tennessee (Buckeye)
Montgomery, Alabama
Omaha, Nebraska
Portsmouth, Virginia
Quincy, Massachusetts
South San Francisco, California
St. Bernard, Ohio (three plant sites)
St. Louis, Missouri
Staten Island, New York

Almost 18,000 out of our approximately 36,000 U.S. employees are employed in these urban locations.

2. There are no current plans to make any major changes in any of these locations during the next five years. Most likely there will be some small expansions of productive capacity in certain plants to meet changes in consumer demand, both in types of products sold (possible introduction of new products, for example) and increases in sales demand for certain products. Our business has had a history of continuing growth for many years. Given reasonable economic and competitive conditions, we would expect this to continue. Consequently, there should be commensurate growth in supporting staff (Office and Technical Center) activities.

3. The Procter & Gamble Company recruits employees on a totally non-discriminating basis. On-the-job training is tailored to the needs of each employee to enable them to perform their job duties effectively. Procter & Gamble has an extremely stable workforce, with very low labor turnover compared to the U.S. industry average. However, we do conduct Career Guidance Seminars for local high school groups in some cities where we have an installation, and whenever employment opportunities do exist, we advertise in the "inner city" and small, localized newspapers and magazines as well as the regular, more widely distributed, metropolitan area publications.

Basically, Procter & Gamble is a chemical process type of industry, and hence it is not labor intensive. The majority of our requirements for plant operations call for semi-skilled workers.

4. In most situations the decision to locate new facilities in a given area is based on an economic evaluation of a number of acceptable alternatives. Certain geographic or demographic considerations may be important in the process of identifying the alternatives, but the final selection is, more often than not, an economic one.

   As the Committee recognizes, central city locations may no longer be appropriate for heavy industrial plants. However, there are a number of factors which may discourage the location of other types of operations there. A few of these are:

   a. Land availability. In many central city areas parcels of land large enough to satisfy project needs simply may not be available. Urban renewal (demolition and clearance of useless and/or abandoned buildings) has been a definite help in this respect, and has opened up new possibilities.

   b. Land cost. The price of central city land is often prohibitive, and affects the economic comparisons adversely.

   c. Security. The rise in terrorism and vandalism in core areas has to be given very careful consideration in the selection of a new site. The safety of our people is of paramount importance; the security of corporate assets is likewise of concern.

   d. Logistics. The nature of our business is such that we must move large quantities of raw materials and packaging materials into the plants, and large quantities of finished goods out of the plants. Much of the supplies and finished products travel by highway semi-trailer trucks. This means that congested road systems in many central city areas result in delays and inefficient operations. Again, this adversely affects the economic comparisons.

      Even if we are considering an office-type installation, adequate parking and/or dependable and convenient public transportation facilities are often lacking.

Any governmental policies directed at problems such as the examples cited above would tend to encourage the location of new facilities in central city sites.

The Procter & Gamble Company is vitally interested in the development of downtown areas. Recently, we completed an expansion of our Corporate Headquarters building in downtown Cincinnati, which is tangible evidence of this interest. We would like to keep all options open, if possible, and to have central city locations become economically competitive for the installation of new facilities.

Very truly yours,

J. M. Ewell
Senior Vice President

QUAKER

The Quaker Oats Company, Merchandise Mart Plaza, Chicago, Illinois 60654

Chairman and
Chief Executive Officer
(312) 222-7450

December 6, 1977

Honorable Henry S. Reuss
Chairman
Subcommittee on the City Committee
on Banking, Finance & Urban Affairs
604 House Office Building - Annex 1
Washington, D. C. 20515

Dear Congressman Reuss:

The plight of our central cities and the high unemployment rate are concerns that we share with your committee. Our approach to providing some solutions has been two-fold. In the late 1960's, it became clear to us that the continued migration of people to large cities was not providing the quality of life necessary to attract new industries and the expansion of existing ones. In fact, the opposite began to occur -- the exodus of industry and jobs, leaving high unemployment, higher welfare costs, crime and despair.

We then made the decision not to locate any new manufacturing facilities in cities over 100,000 unless absolutely necessary. On the other hand, we also decided to keep our headquarters in Chicago and maintain, where possible, our other central city facilities, working to enhance their contribution to economic and social development within the community.

It is our opinion that cities less than 100,000 also have problems, but for the purpose of your request, we will list our plants and locations with populations in excess of 100,000. (See enclosure.)

The Quaker work force listed constitutes a little less than one-third of our total domestic work force and does not include a majority of the

sales force, restaurant employees and warehouse workers (several are in major cities) because these figures are small.

Our present plans do not call for any substantial changes, although we might possibly move the Los Angeles distribution center, depending upon the outcome of some studies that have no relation to central city problems per se.

With regard to your third question, we have worked closely with private agencies which have used government funding, such as the National Alliance of Businessmen, Opportunity Industrial Centers, Urban Leagues and Goodwill Industries, which have training programs that supply us with potential employees. We have a Retail Food Store Training Program that is designed to train and upgrade community residents already in the business or desirous of entering it. We have other work training programs, but they are primarily directed to students in school (high school and college).

Responding to your last question, we believe some of the major problems with new locations in central cities include taxation (i.e., head tax in Chicago), putting enough suitable land together, and having adequate police protection. Other factors that would be of concern include quality of public education, desirable housing, and a progressive local government.

We are hopeful that the cabinet level Urban Development Task Force, which recently concluded its work, has made recommendations to the President that include federal policies that encourage the employment of teenagers, particularly in the black and Latino communities. The unwillingness of Congress to recognize this problem in passage of the new minimum wage law was counterproductive in terms of the absorption of teenagers in private industry.

With the expanding restaurant industry, in which we are modestly participating, the elimination of the tip credit would also encourage employers to reduce

personnel in their central city locations and hence increase unemployment. We would hope that any new policy related to the urban question would indicate the willingness of government (Washington) to work with local governments and the private sector to seek real solutions to the many urban problems.

In conclusion, I might point out that we have some facilities that are located near large cities and some of our employees reside in those cities (Buffalo, Harrisburg, and Houston). We are also providing some financial and volunteer support for programs in those communities, just as we do in locations where we have facilities.

I hope this information will be helpful to you as the committee seeks solutions to this very serious problem.

Sincerely,

Robert D. Stuart, Jr.

Robert D. Stuart, Jr.

Enclosure

THE QUAKER OATS COMPANY

Plants/Locations with
Populations in Excess of 100,000

	Population 1970 Census	Quaker Work Force
Chicago, Illinois	3,000,000	2,422
Cedar Rapids, Iowa	109,000	1,523
Chattanooga, Tennessee	119,000	150
Elizabeth, New Jersey	112,000	900
Los Angeles, California	2,800,000	40
Memphis, Tennessee	623,000	225
Omaha, Nebraska	347,000	143
Rockford, Illinois	147,000	535

11/77

RCA | 1800 K Street NW | Washington, DC 20006 | Telephone (703) 558-4244

The Honorable Henry S. Reuss
Chairman
Subcommittee on the City
Committee on Banking, Finance and
Urban Affairs
U. S. House of Representatives
604 House Office Building, Annex 1
Washington, D.C. 20515

RCA

Dear Mr. Reuss: November 28, 1977

I have your letter to Edgar H. Griffiths, President and Chief Executive Officer of RCA Corporation, which details the Committee's concern on the matter of the central cities and suitable programs to address their continuing deterioration. RCA has over the years maintained a strong program of assistance in all of the cities where it has major plant facilities. As part of that effort, we also participate with several national efforts that have as a principal focus, programs to aid in the rehabilitation and renewal of inner-city neighborhoods.

Specific to your request for information, I have listed below the material you seek as answers to your questions:

1. RCA's major operations located in central cities include:

New York City	Approximate Number of Employees
Corporate Staff Headquarters	600
RCA Records Division	1,000
Random House, Inc.	650
The Hertz Corporation	1,600
NBC, Inc.	3,200
RCA Global Communications, Inc.	1,500
Camden, New Jersey	
Commercial Communications Systems Div.	2,500

Indianapolis, Indiana	Approximate Number of Employees
Consumer Electronics Division	3,500
RCA Records Division	3,000
Marion, Indiana	
Picture Tube Division	2,700
Lancaster, Pennsylvania	
Picture Tube Division	1,500
Scranton, Pennsylvania	
Picture Tube Division	1,600
St. Louis, Missouri	
Banquet Foods Corporation	175
Van Nuys, California	
Avionics Division	400

2. Employment levels are a factor of a variety of conditions, many of which, such as the health of the economy, are beyond our control. Therefore, it is not possible to say at this point in time that there will or will not be expansions or contractions of the work force over the next five years at any of these locations.

3. RCA Corporation, its divisions and subsidiaries have participated in nationally directed and federally supported job training programs. We have also worked closely with

privately sponsored projects, such as those promoted by the Opportunities Industrialization Centers of America (OIC), The National Urban League, and other nonprofit agencies. Through the RCA Service Company, Government Systems Division, RCA has participated under contract with the Department of Labor in being responsible for the Job Corps Camps, Youth Development Centers and related job training programs. As a result of these efforts, RCA has been able to train and place in employment many otherwise previously unemployed youths.

Our financial and direct volunteer support programs to groups such as the OIC have enabled our operations in cities close to such projects to employ well-trained and job-ready youths and adults.

Most recently, RCA has agreed to participate in the Help through Industry Retraining and Employment program (HIRE). This government supported effort to help in the retraining and employment of Vietnam-era veterans is being carried out at all of our locations, and we have committed for 700 hires to that project. The same is true for the Welfare Incentive program (WIN). This activity is designed to provide industry with tax credits for those individuals hired and who stay in the employ of the company for the period of 24 consecutive months. This incentive program last year provided employment for 59 persons--not all of whom were from central cities.

4. During the most recent fiscal crisis in New York City, RCA met on several occasions with representatives of the City's Economic Development Office to review with them tax concerns that RCA felt might inhibit efforts to attract new companies to New York City. These throughts were incorporated in a letter that was sent to the Deputy Mayor. As a result of those efforts, several key initiatives were undertaken by the city and state, including:

   - The Commercial Rent Tax is being reduced by 20 percent over a five-year period through the application of a 10 percent credit in 1977-78 and two subsequent 5 percent credit allowances.

- The Sales Tax on the purchase of equipment and machinery has been eliminated by allowing businesses an off-setting credit against the General Corporation Tax or the Unincorporated Business Tax.

- The Stock Transfer Tax is being phased out by 1981. This will be accomplished by elimination of the surcharge in 1978, a 30 percent reduction of the tax itself in 1978, a further 10 percent reduction in 1980 and the final 40 percent in 1981.

- The New York City General Corporation Tax is being reduced in two steps: from the current 10.05 percent to 9.5 percent in 1977 and to 9 percent in 1978.

To a great extent the climate that now exists in New York City between local and state governments and business is a direct result of these groups working together, which was brought about by the city's fiscal crisis.

Another example of business/government cooperation must also be mentioned. For six years in Camden, New Jersey, RCA, Campbell Soup, two local banks and a major building firm sought to engage in a major urban renewal program. After years of red tape, mortgage financing delays and changing federal policies, RCA and Campbell Soup both dropped out of that project. While the program itself is still valid, it will be most difficult to encourage businesses that do not have a direct building or financial interest in urban renewal to participate if the delays experienced in this project are not eliminated. A similar history involves the housing rehabilitation program in Camden. Over 500 houses were successfully modernized through the privately supported Camden Housing Improvement Program (CHIP). However, because federal mortgage money providing long-term loans and low interest was stopped, this housing program also had to be curtailed.

I trust that this information is helpful to your committee. We stand ready to assist in any progressive program that is made available to communities where we have our major employment centers. We continue to assist organizations working on inner-city problems, and we look forward to continuing our support of these programs in the years ahead.

Sincerely,

Ray Scherer

Ralston Purina Company

Office of the Vice President
Secretary and General Counsel

November 9, 1977

The Honorable Henry S. Reuss, Chairman
Subcommittee on the City,
Committee on Banking Finance and Urban Affairs
U. S. House of Representatives
604 House Office Building
Annex 1
Washington, DC 20515

Dear Congressman Reuss:

Per Mr. Dean's direction, I am happy to reply to your letter of October 27, 1977, regarding corporate activity which relates to the problems of central cities.

The Company shares the concern felt by you and your committee colleagues. Approximately 10 years ago we made a major decision to retain our world headquarters in the central city area of St. Louis. A major part of this judgment was a plan to modernize and enlarge the entire building complex at Checkerboard Square. Attendant to that multi-million dollar investment was a commitment to the City of St. Louis to serve as the official developer for a 130-acre redevelopment area immediately south of our offices. This project has already provided Turnkey III townhouses for some 148 families in the area; an additional 130 existing turn-of-the-century homes are now being marketed on a rehabilitated or "as is" basis to the community. The activity has generated considerable employment for minority subcontractors and their employees.

Due to the highly technical and automated nature of much of the Company's operations today, we are not a labor-intensive business. It is common, for example, that one of our modern Chow mixing plants employs less than 100 persons for all shifts. In addition to rural areas, a few of these plants are located in major cities, such as Denver, Memphis, Minneapolis, Kansas City, and Cincinnati. These plants represent a very small percentage of our total U.S. work force.

Checkerboard Square
St. Louis, Missouri 63188

These installations represent stable, established operations, on the whole. Expansion of such facilities is often difficult due to the constraint of unavailable land adjacent to our existing property. Specific plans for expansions or reduction of particular plants is considered proprietary information by the Company.

Given the nature of our operations, while at the same time recognizing our social responsibility to deal with the unemployment situation, we have initiated voluntary job and educational programs for inner city youth.

Our major effort consists of conducting a rather unusual summer job program. Since our operations do not naturally generate the need for additional summer help, we provide non-profit organizations with grants; the non-profits employ and supervise youths in skill-producing work. Last summer a total of 560 youths were employed as a result of 30 grants, 18 located in cities other than St. Louis.

The program's short range goal is to provide money to discourage dropping out of high school for financial reasons. Since all of the participants are about to begin their senior year, the job either provides experience which will enable the teenager to apply for a permanent job in a similar capacity after graduation or it may provide an insight as to a technical or professional field he or she may wish to pursue in college. We have had youths pursue teaching, engineering, social work, the crafts, cosmetology, and a number of other professions as a result of their participation.

The summer program is one of a number of continuing projects which are funded directly by a staff of two professionals who compose our Urban Programs department. Functioning in the manner of a small foundation, we solicit proposals dealing with economic development from grassroots neighborhood organizations. We encourage innovative, flexible programs which emphasize knowledge and skills.

We are most proud of an high school work-study program conducted at our headquarters in St. Louis. Some 25 city high school seniors receive classroom instruction here in the morning hours and then pursue four daily hours of "real world" work experience in our offices and laboratories. About 85 percent of the program's graduates have been hired by the Company following their graduation.

All of the above programming has been conducted since February 1969 when the Urban Programs department was instituted. While this activity admittedly scratches the surface of the total unemployment condition, we feel we are making a contribution that has some lasting value for those involved and for the community as a whole.

I have taken the liberty to attach a copy of a very recent social responsibility report which is now being sent to all U. S. employees. It capsulizes activity in addition to what I have described here. Thank you for affording us the opportunity to contribute information regarding our commitment to improving the physical and human condition in the central city.

Yours truly

John P. Baird
Corporate Officer for
Social Responsibility

Attachment:
1977 Social Responsibility
Special Report

(The referred to report, "1977 Social Responsibility Special Report", has been retained in the files of the Subcommittee.)

Republicsteel

Republic Steel Corporation
General Offices: Republic Building
Cleveland OH 44101

WJ De Lancey
President and
Chief Executive Officer

December 13, 1977

The Honorable Henry S. Reuss
Chairman of the Subcommittee on the City
U. S. House of Representatives
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Congressman Reuss:

Thank you for your letter inviting Republic Steel to respond to several questions posed by your committee regarding our operations in central cities. We appreciate the opportunity to express our views and we hope they will be helpful to your committee in considering proposals to aid city economies.

By way of background, Republic Steel is the fourth largest steelmaker in the United States, producing a diversified line of steel mill products and a variety of fabricated steel products. Fully integrated steelmaking facilities are located at Cleveland, Warren and Canton, Ohio; Chicago, Illinois; Buffalo, New York and Gadsden, Alabama. Major steel finishing mills are also located in these communities and in Youngstown, Niles and Massillon, Ohio. Corporate headquarters and research facilities are in Cleveland, and district sales and service offices are located in 22 major American cities.

The following information is supplied in response to the questions posed by the committee:

23-313 O - 78 - 22

1. Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?

Virtually all of Republic's major operations are located within heavily urbanized areas and this has been the case since the founding of the company. Specifically, of the 45 various locations in which Republic conducts operations of one kind or another throughout the United States, eight of these constitute an overwhelming proportion of our total corporate activities and employ 86% of the company's 39,600 personnel. These eight cities include Cleveland, Youngstown, Warren, Canton and Massillon, Ohio; South Chicago, Illinois; Buffalo, New York; and Gadsden, Alabama.

A very high percentage of the persons employed by Republic in these areas are residents of central cities or their immediate suburban environs. Of Republic's total complement of employees, a little over 18% comprise minorities (blacks, orientals, American Indians and Spanish surnamed Americans). This percentage has been relatively stable for a number of years.

Of course, being located as we are in densely populated areas, has both advantages and disadvantages. On the one hand there is accessibility to strong labor pools backed up by long-established educational systems, parks and recreation and in general, favorable and diverse employee living conditions. On the other side of the coin, however, are the very substantial burdens imposed by added environmental requirements and in general a greater array of local governmental regulations.

As an illustration, Republic's largest steel plant is situated in a river valley located in the very heart of Cleveland - only two miles from the downtown

area. The plant is ringed by populated neighborhoods, commercial establishments, schools, churches and the like that have become increasingly sensitive to the problems of air, water and noise. Hence, this plant has already seen the investment of more than $150 million for environmental controls - more we believe than any other comparably sized steel plant in the country. Yet the demands of government and the expectancies of the community persist for even greater and more costly efforts. Moreover, it is commonly known the ideal location for a major steelmaking operation such as ours lies at a lakefront location that can provide deep water access to the largest bulk carrier operations. (The much publicized plan of U. S. Steel to develop a new "green field" steel plant in a sparsely populated area on the Southern shore of Lake Erie at an estimated cost of $3 to $4 billion is an example.)

The point is that a company such as Republic operating major facilities which history has located in urbanized areas can entail definite economic penalties.

2. <u>What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?</u>

Over the past several years Republic has committed substantial funds to capital projects to modernize and expand its production facilities. From 1965 through 1975 this amounted to more than $1.3 billion. In 1976 capital expenditures amounted to $249 million, the largest amount in the company's history and $49 million higher than in 1975. This year we expect to spend in the neighborhood of $165 to $200 million.

Presently we are investigating a number of production improvements and modifications which could have a significant impact on our plans into the early 1980's.

We are conducting feasibility studies, for example, concerning the installation of continuous casting equipment that would improve our yield of certain lines of products, reduce costs and increase our productivity substantially. The cost of such a facility would be well in excess of $100 million.

Another area of intensive investigation centers around the development and installation of new ore handling and transportation systems serving our Cleveland plant to accommodate the newer and larger 1000-foot ore boats being placed in service on the Great Lakes. These larger vessels are unable to navigate the river leading to our present docks, and the installation of new material handling systems nearby to accommodate them could cost an additional several hundred million dollars.

It is difficult at this point to project precisely what the total commitment of capital funds will be over the next five years. Much is dependent on our ability to reach acceptable levels of profitability on a continuing basis. The high level of foreign steel imports and the huge cost of governmentally mandated environmental and other programs are major impediments to implementing our desired plans.

As an illustration, just two years ago we announced a major expansion of our Southern District steel plant in Gadsden, Alabama, that would have added 1,000,000 tons of annual raw steel capacity to the output of the plant and create substantial additional employment. Cost of the expansion was estimated in excess of $350 million. In January 1976, however, it became apparent that we could not move forward with the expansion without a more favorable outlook for the return on investment and without moderation in the environmental demands being made on us. We continue, however, to have a high degree of interest in the South.

3. <u>What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?</u>

In 1968 Republic Steel became one of the first companies in the steel industry to agree, under a contract with the Labor Department Manpower Administration, to hire and train so-called "hard-core disadvantaged" individuals. Certification of the individuals' "disadvantaged" status was required by an appropriate state agency. Between 1968 and 1974 Republic successfully completed 14 separate contracts for more than 1,000 training slots in almost all of our steel District, Division, and Manufacturing Group locations. The trainees received on-the-job training, ancillary classroom instruction, special counseling and job coaching. In addition, supervisory and human relations training was provided to company personnel involved in the program.

In dealing with various facets of the Manpower Administration programs, Republic worked closely with local, regional, and national Department of Labor officials, as well as with State Employment Services, community action bodies, and the National Alliance of Businessmen.

This particular program was discontinued in late 1974 when the contractual funds were transferred to the Community Economic Development Administration for implementation of programs conducted through local organizations. Through our normal hiring practices, however, we continue to get applicants who could be considered "hard-core" unemployed, and we continue to work closely with the State Employment agencies and local action groups in hiring the hard-core disadvantaged.

4. Which existing federal, state or local policies, if any, discourage you from maintaining or locating operations in central cities? What new governmental policies would encourage you to maintain or locate operations in these areas?

As previously stated, our production facilities have historically been located in highly urbanized areas that offer good access to raw material sources, to our customers, and to strong labor markets. We do not foresee the relocation of any of our major production facilities, although certain specific product lines could shift from one location to another as future market conditions dictate.

With regard to maintaining production and employment at present and projected levels, however, our future is dependent in a very major way upon the manner in which the unpredictable governmental power is and is not exercised at the federal, state and local levels.

We face great uncertainty, for example, in estimating the capital costs to be incurred in the future to satisfy environmental requirements. We know that these costs have been and will continue to be big but at this time we cannot be at all sure as to what the final number will be. Recent estimates have shown that Republic's capital needs for environmental purposes between now and the early 1980's could run as high as $500 million. Profit-penalizing expenditures of this magnitude cast a big shadow over our ability to make the productive investments and thus to insure stable employment or growth which we would like to make. The real difficulty we face is in being able to achieve enough profitability to finance all of the capital investments required for environmental purposes, replacement and modernization.

We regard the governmental establishment as having a preeminent influence on capital investment decisions - preeminent and, unfortunately, unconstructive on many occasions. This is so because of a combination of two different aspects of governmental power: In the first place it is broad and pervasive, affecting virtually every aspect of our business, and, second, in many instances the power is exercised to meet special and often political objectives and not to achieve goals which we believe will bring the greatest benefit to the nation in the long run.

If we were to rank those governmental policies which are of most concern to us, price controls, active or passive, would head the list. For a quarter of a century, whenever demand for American steel has put our industry in position to get higher prices and higher profits with which to modernize our plants, the government has forced us to settle for less and we have been placed in the role of villain for seeking increases needed just to cover actual cost increases.

Another major concern to us is the strangling effect and the monstrous growth of government regulations. Early this year the Council on Wage and Price Stability published a 235-page book on "The Catalog of Federal Regulations Affecting the Steel Industry". The compilation is the result of the first half of the Council's study undertaken to determine the impact of all federal regulations on one particular industry. It does not cover state or local regulations, and only pertains to the steel business from "loading dock to loading dock", which does not include regulations affecting mining or transportation of raw materials, or the marketing of steel.

According to the report, "What emerged when all of the data was finally assembled was a picture of an industry that could hardly move without taking into account the wishes or directives of some federal agency.

"Steel," the report said, "is an industry whose production procedures are to some extent prescribed for it by government, whose costs are substantially influenced by government, whose market share exists at the sufferance of government and whose profitability has a good deal less to do with innovation and enterprise than it does with what government decides to let it keep."

Although no one - taxpayers, workers, business people - would quarrel with necessary programs to improve the environment, to protect workers' safety and health, and to provide society with quality products, everyone ought to be aware of the costs and weigh them against the benefits.

If the committee could spotlight the fact that excessive regulation of business is counterproductive and is not in the national interest, it would be a major step forward.

Capital generating tax reform is another area in which government could expedite the modernizing and expansion of steelmaking facilities and the resulting employment benefits that would ensue. We urgently need provisions for immediate writeoff of non-productive environmental investments, for example.

Constructive government policies to eliminate the unfairness from foreign competition is an area which has received wide publicity recently and is one whose importance cannot be minimized. Republic's position in this area has been well articulated and I will refrain from elaborating on it except to urge the committee to use its best efforts to help solve the unfair imbalance that exists in international steel trade.

We also believe the federal government should cooperate more extensively with local and state governments and with industry themselves in improving port and harbor facilities, and other transportation networks.

Another area of immediate concern to us and which I'm sure the committee will consider in developing its final proposals, is the necessity for developing a balanced energy program which includes incentives for production as well as conservation.

We hope the foregoing comments are responsive to the questions posed by your committee. We would be pleased to have you and other committee members and staffs visit our facilities and view firsthand an integrated steelmaking operation situated in the heart of urbanized areas and to see the steps we have taken to make us a responsible neighbor and employer. At that time we would be glad to go into more detail on the economics of the situations we face and our recommendations for governmental cooperation aimed at advancing the viability of this basic industry and its job-creating capabilities.

Yours sincerely,

RICHARDSON-MERRELL INC

SMITH RICHARDSON, JR.
Chairman of the Board

TEN WESTPORT ROAD
WILTON CONNECTICUT 06897
TELEPHONE (203) 762-2222
CABLE ADDRESS. RICHMER WILTON

November 11, 1977

The Honorable Henry S. Reuss
U.S. House of Representatives
Subcommittee on the City
Committee on Banking, Finance and
Urban Affairs of the 95th Congress
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Mr. Reuss:

In response to your letter of October 27 concerning urban economic development, we would like to submit the following information:

1. Several Corporate Divisions of Richardson-Merrell are located within or on the periphery of city limits:

Division	Location	Number of Employees*
Jensen-Salsbery Laboratories	Kansas City, Missouri	80
Merrell-National Laboratories	Cincinnati, Ohio	1,069
	Milwaukee, Wisconsin	33
Tulox-Lumelite-Bradley	Norwalk, Connecticut	134
	Franklin Park, Illinois	140
J. T. Baker Chemical Co.	Phillipsburg, New Jersey	804
Vicks Health Care Division	Greensboro, North Carolina	407

*Total domestic work force - 5,836

2. We would hope to expand the work force at each location within the next five years if business levels justify this.

However, physical expansion at some of our Divisions is not feasible due to the lack of available contiguous land.

3. As a corporation, Richardson-Merrell has contributed a considerable amount of management time and money to the Opportunities Industrial Centers (OIC). Our Divisions demonstrate affirmative action by working with organizations designed to help the disadvantaged and by listing job openings with their respective State Labor Departments.

4. New governmental policies might include:

- Investment incentives through grants.
- Special rapid recovery depreciation rules.
- Tax exemptions where the financial advantages would outweigh the present tangible and intangible disadvantages of inner city locations.

The government might also provide financial support to help improve and relieve local tax situations so that it would not be more expensive to operate within the city.

In addition to the above policies, the quality of life in the central cities should be improved so that industry can continue to attract and maintain productive employees. This would be accomplished by:

- Reducing crime.
- Improving transportation systems.
- Improving education systems.
- Improving sanitary conditions.
- Reducing personal tax burdens.

We hope that the Committee finds this information helpful in formulating future plans.

Sincerely,

Smith Richardson Jr

ST REGIS PAPER COMPANY 150 East 42nd Street New York, N.Y.

December 13, 1977

The Honorable Henry S. Reuss
U. S. House of Representatives
Washington, D. C. 20515

Dear Mr. Reuss:

I am pleased to respond to your letter requesting information with regard to our operations in the central cities. We are aware of the time and attention you and your committee have given to this very difficult problem and applaud your efforts to find workable solutions. The response to your inquiry is as follows:

1. Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?

   St. Regis Paper Company is essentially based in the rural parts of our country due to our renewable natural resource dependence. In 1976 the company employed approximately 28,000 people in over 148 locations in the United States. We estimate, however, that only 4,500 or 16% of our people were working in or near our central cities.

2. What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?

   At the present time we have no plans to expand or contract central city operations.

3. What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?

   In central cities, as in all locations, St. Regis, as a federal contractor, operates affirmative action compliance programs. Special recruitment efforts are undertaken continually to increase the representation of women and minorities at these facilities.

To the extent that minorities and women are underemployed in the relevant labor area, such affirmative action recruitment efforts should, over a period of time depending on job availability, be considered as specifically aimed at the unemployed.

In addition, in two or three cities the company participates in the WIN (Work Incentive) Program designed to put people who are on welfare to work in productive jobs. The federal government subsidizes a portion of the labor cost involved. As well as being a special recruitment program, the WIN Program can be considered a job training activity aimed at the unemployed.

4. Which existing federal, state or local policies, if any, discourage you from maintaining or locating operations in central cities? What new governmental policies would encourage you to maintain or locate operations in these areas?

First and foremost in our decision to locate or maintain our facilities are prevailing market conditions. While inadequacy of protective services in the central city may be a factor, it is far more important that the cost savings usually associated with suburban or rural distribution points be recognized.

In addition, rural and suburban jobs are generally more attractive to trained and skilled personnel needed to make the company more competitive, and taxes, transportation and living expenses are generally lower.

It would appear that the government has a role to play in assisting central cities to establish programs which would hold operations already located there. Such efforts might include special tax considerations and satisfactory protective services. Improved access to financing, rationalization of local regulations and zoning laws and better coordination of federal assistance programs would appear to be necessary to attract new business establishments.

Sincerely,

George J. Kneeland
Chairman of the Board and
Chief Executive Officer

SCHERING-PLOUGH

November 28, 1977

Honorable Henry S. Reuss, Chairman
Subcommittee On The City
Committee On Banking, Finance & Urban
Affairs of the Ninety-Fifty Congress
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Congressman Reuss:

The following information is provided in response to the letter from the Committee addressed to Mr. W. H. Conzen, Chairman, dated October 27, 1977:

1. Central City Locations	Number of Employees
a) Bloomfield, N.J. (near Newark, N.J.)	855
b) Union, N.J. (Near Elizabeth, N.J.)	1337
c) Memphis, Tenn.	1597

2. a) No plans to expand or contract Research operations (which are located in Bloomfield, N.J.) during the next five years. Adequate facilities and staff based upon projected requirements.

   b) A new pharmaceutical plant is being constructed at our Union, N.J. site. However, no additional employment will result as the plant will utilize new technology to accommodate some of the work now being performed at the site. Consequently, the employee census will remain relatively level.

   c) Expansion programs are planned in Memphis in the Distribution Center, the Data Processing Center, and Printing facilities. Expansion plans based upon available land and organization efficiencies.

3. New Jersey

   a) NAB (National Alliance of Businessmen) - The company has been an active participant of the National Alliance for Businessmen for more than five years through participation on the Business Advisory Board and volunteer workers from the company. We are actively involved in the JOBS program sponsored by NAB and other special programs including Project 100. These special programs are designed to increase the company's hiring of Vietnam Era Veterans and disadvantaged persons from Newark, N.J. and surrounding areas. This year we have pledged Corporate-Wide to hire 100 Vietnam Era Veterans, disabled veterans and persons classified as disadvantaged.

Schering-Plough Corporation · Kenilworth, N.J. 07033 · Telephone (201) 931-2000

b) TTP - The Technical Training Project is a work-training program that provides disadvantaged young men and women in Newark, N.J. with an opportunity to prepare for professional laboratory jobs. While in training, students are paid $80 per week, and, following completion of their 16-week program in mathematics, chemistry and laboratory work, they are guaranteed jobs with the company or other sponsoring companies. For many of the graduates, this program spells the difference between job stagnation and a rewarding career. Schering-Plough's contribution has included leadership, major financial support, equipment and interim housing. The program has won friends within the company for affirmative action programs and also has attracted good, young researchers to our laboratories.

Memphis

a) Company training and apprenticeship programs for the printing trades and fork lift operators.

b) Job vacancies are listed with the local office of the State Employment Service.

c) Job vacancies are listed with local schools, colleges, and agencies nearest the plant.

d) Company representatives participate in career day programs, etc., at local high schools, colleges and universities.

e) The company participates in Co-operative Education (Cluster) Programs with a local high school and college.

f) The company participates in various youth motivation activities in the community.

g) Company representatives serve on various business-community advisory boards such as VOE in high schools, Memphis Skills Center, 70001 Advisory Board, The Urban League and National Alliance of Businessmen.

4. a) Tax bases and structures generally unfavorable to industry. In Memphis, for example, a company cannot receive advance information as to taxes that will be levied prior to actually locating in Memphis.

b) Concentrating operations requiring large numbers of unskilled employees tends to lead to unionization. Proposed labor legislation will worsen this situation.

c) Political climate unfavorable to industry in many areas, with related undue influence by special interest groups.

d) Uncertain and divided leadership and lack of cooperation and understanding by many governmental agencies, such as building control administration, zoning authorities, public utilities, etc.

4. (Continued)

e) High crime rate and security costs.

f) Energy resources and costs.

g) Quality of public school systems.

I trust that the above responds to the Committee's inquiries.

Sincerely,

Stephen F. Byrd
Vice President
Personnel and Organization

Schering-Plough Corporation · Kenilworth, N.J. 07033 · Telephone (201) 931-2000

SHELLER-GLOBE CORPORATION

P. O. Box 962
Toledo, Ohio 43697

CHESTER DEVENOW
CHAIRMAN OF THE BOARD

November 30, 1977

The Honorable Henry S. Reuss, Chairman
Subcommittee on the City Committee
on Banking, Finance and Urban Affairs
U.S. House of Representatives
604 House Office Building Annex 1
Washington, D.C. 20515

Re: Sheller-Globe Corporation Policy With Respect to Central City Locations

Dear Mr. Reuss:

We are happy to respond to your letter of October 27 which addresses a problem of deep concern to Sheller-Globe Corporation.

Our corporate offices are in the center of the City of Toledo, our Detroit Sales Office is in downtown Detroit, and we have seven major manufacturing facilities in large cities. Many of our people are long service employees concerned about their changing neighborhoods, the quality of the city's services available to them, and vitality of business in the central city. It has been and is the policy of the Corporation to support and assist redevelopment programs in the communities in which our people live. In the past ten years, however, economic considerations of construction costs, shipping and handling costs, and availability of trained manpower have dictated the expansion of our manufacturing facilities to smaller towns, and our capital investments in our city locations have been chiefly to maintain and improve them, rather than to add capacity and employment.

Sheller-Globe Corporation is a manufacturing company employing about 14,500 people of whom 13,000 work in the United States. Approximately 70 percent of our dollar volume is in automotive parts for which the production locations must relate to the assembly plants of the automobile and truck manufacturing companies. Thirty of our divisions are located in the United States, and of these, seven, as mentioned, are located in major cities. To answer your specific questions:

23-313 O - 78 - 23

	Employment
1. City Auto Stamping producing large metal stampings is located in Toledo, Ohio.	460
City Machine and Tool Division manufacturing large dies for automotive stamping is located in Toledo, Ohio.	150
Leece Neville Division manufacturing alternators, starter motors, and similar electrical products is located in Cleveland, Ohio.	570
Victoreen Instrument Division manufacturing radiation monitoring equipment and precision electrical components is located in Cleveland, Ohio.	300
Paramount Division producing metal stampings is located in Detroit, Michigan.	290
Mitchell and Smith Division manufacturing processed cork and cork rubber components is located in Norfolk, Virginia.	520
Standard Felt Division producing wool and synthetic felts is located in Los Angeles, California.	290
Our Corporate Office in Toledo	220
Detroit Sales Office	50
Detroit Research and Development Laboratory	20
Total	2,870

This is approximately 22 percent of our total United States employment.

2. With foreseeable business conditions, the Corporation does not expect to expand any of these facilities. Three of them at present have unutilized capacity and their current employment is well below historic highs. We have a number of plants at capacity, with expansions presently under way in other locations, as a result of demand for the products they produce.

On the other hand, we do not foresee the closing or contraction of our big city operations, which are adapting to changes in our industry, currently being revolutionized by the down-sizing of automobiles, and we are making very considerable efforts to increase production and employment in these plants as sales opportunities are presented.

The Corporation is at present constructing a new technical center in the City of Toledo and expects within the next five years to do vehicle prototype and process engineering work there, which will produce some small increase in employment. In addition, we are currently considering alternative plans for a new office building, in connection with the downtown redevelopment efforts being made by the city, Owens-Illinois, Inc., and several other major companies. We have not yet made a commitment with respect to this new facility but are actively cooperating in the studies presently being made for the downtown redevelopment, with the single idea of helping to revitalize the central business district.

3. We are concerned with unemployment in the central cities and are actively participating in recruitment and job training programs, in these ways:

   a) All job openings are listed with state employment services.

   b) We do have Work Incentive Programs at certain divisions.

   c) We do have contracts under the Comprehensive Employment Training Act of 1973 at certain divisions.

   d) The various Industrial Relations Departments work closely with special interest groups.

4. We are encouraged rather than discouraged by existing federal, state, and local policies in our aim to maintain or locate operations in central cities. In the City of Toledo in particular, tax incentives from the City and State and the willingness of the City to commit to parks, street improvements, and other municipal facilities in its plans, are very attractive incentives. Concerns are employee morale, chiefly relating to safety on the streets, and the increased cost of commuting and, particularly, parking.

We might make one additional observation, although it does not directly relate to our corporate plans. It seems apparent that the City's major problem in the deterioration of its tax base is the flight of retail activity from the central city, produced itself by the move of its residents to the suburbs. Every city's redevelopment necessarily includes housing in town to reverse this trend. The best use of federal funds to aid such redevelopment work is in the assistance of housing. It should not necessarily be confined to housing for low income families or the elderly.

Respectfully yours,

SIGNODE CORPORATION
3600 WEST LAKE AVENUE
GLENVIEW, ILLINOIS 60025

JOHN H. LESLIE
CHAIRMAN OF THE BOARD

November 16, 1977

Hon. Henry S. Reuss, Chairman
Subcommittee on the City Committee
on Banking, Finance and Urban Affairs
604 House Office Building, Annex 1
Washington, D. C. 20515

Dear Congressman Reuss:

This will respond to your letter of October 27 relating to the plight of the central cities and the effort on the part of government and business to revive and stabilize the economies of such cities. I commend you and your committee for the approach you have taken by going directly to those who have been involved in the decisions to move plants from the central cities.

While your questions are directed primarily to the present status and the future, it might be helpful to discuss the reasons why many of these plants, including ours, have been moved to suburban and/or rural areas. Such should indicate why the trend may continue unless action is taken.

Twenty-five years ago all of our Illinois manufacturing operations, warehousing, sales offices and corporate headquarters were located in Chicago about five miles distant from the Loop. As of 1979 practically none of those operations will be in Chicago. In addition, all plants required by an expanding business during recent years were placed elsewhere.

A principal reason for that result was that there was no room for expansion in Chicago and the existing facilities became obsolete. Equally important, there was a continuing deterioration of the neighborhood where our major facility was located making the area unsafe and unattractive for our employees and prospective employees. A major consideration was the safety of our employees, particularly those working night shifts. Akin to that problem was the fact that many of the employees had moved to the suburbs and preferred employment nearer their homes. We faced personnel problems in attracting a competent workforce.

Further, Chicago had no discernible affirmative program which effectively discouraged the flight from the city. In fact, its tax policies such as the head tax discouraged business expansion. Illinois business climate in general became unfavorable in recent years with a legislature having little sympathy for business and completely pro-labor. That situation, of course, was compared with the incentives and tax structure offered by other states. As a result significant expansion went to those more favorable states. In summary, for a combination of reasons Chicago ceased to be an attractive home for us after many years in the city and little of our operations is left there to provide tax base and employment.

Turning now to your specific questions and answering in the same order:

1. At this moment we have no major manufacturing facilities located in large central cities. In Chicago we have 428 employees and 64 in Cincinnati. Of those, about 75% are involved in service functions--sales, data processing, warehousing, financial, etc. Our total U. S. employees number about 4,150.

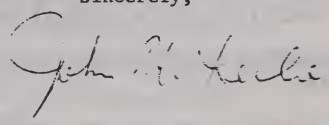
2. Within approximately two years, we estimate that perhaps 400 of the 428 employees in Chicago will be moved to a suburban area. A building is presently under construction which will accommodate about 360 of those employees. The reasons for that move are the same as those recited earlier for prior moves. There are no present plans to expand our operations in the central cities in the next five years for the reasons previously recited which remain valid.

3. We were an early participant in action to recruit and train employees in Chicago--particularly those classified as the hard core unemployed. This has been an ongoing program for several years which has met with a fair degree of success. We intend to continue that program with a training center in Chicago and estimate that in 1978 we will spend $125,000 to $150,000 on that program.

4. I have earlier mentioned the problems we had, principally in Chicago, which prompted our move out of Chicago. Federal, state and local governments must help attack those problems if the flight is to be reversed. Practically speaking, Chicago, other central cities and Illinois must adopt a posture, with the cooperation of the federal government, which provides incentives if they are to compete with other areas for industrial plants. This includes a good business climate, fair treatment on taxes, environmental and OSHA matters, tax incentives, the power to issue tax exempt revenue bonds for financing new plants, condemnation of decaying areas and the erection of attractive industrial parks. The cities must once again become attractive not only for industry but as a suitable residential area for the type of employees that business needs and seeks to attract.

There are, no doubt, other steps that can be taken. The task is monumental and will take time. I hope that the above comments will be helpful in your deliberations.

Sincerely,



SmithKline
CORPORATION

Robert F. Dee, Chairman of the Board
215-854-5555

December 2, 1977

Honorable Henry S. Reuss, Chairman
Subcommittee on the City
Committee on Banking, Finance & Urban Affairs
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Representative Reuss:

I am pleased to reply to your letter of October 27, which requests information concerning SmithKline's commitment to the center city and its residents. SmithKline Corporation wholeheartedly endorses your efforts to aid the economy of the central cities and promote full employment, and I hope that our response to your questions will help you in your consideration of proposals that will aid in the revival of the central city as a feasible location for industrial development.

The information which follows corresponds to the numbered questions in your letter.

1. The corporate headquarters of SmithKline Corporation are located, and have been since the company's founding in 1830, in the City of Philadelphia. In addition to our corporate staff, our Spring Garden Street facility houses major domestic research and manufacturing operations. We currently employ a total of 2500 employees in our Philadelphia facility. Our total domestic work force numbers approximately 6600.

2. We do expect to expand our center city operations during the next five years.

SmithKline Corporation holds a principal interest in the Franklin Town project, a 50-acre privately funded redevelopment program in Center City Philadelphia. When completed in 1981, Franklin Town will include Franklin Plaza Hotel, recently endorsed by the City as its official convention hotel; a major convention and meeting center; and a 25-story office tower, which will house SmithKline's worldwide headquarters. In addition, our pharmaceutical manufacturing operations at 1500 Spring Garden Street will be expanded and modernized. We are also considering sites in the Greater Philadelphia Area for the relocation of other aspects of our operations.

3. SmithKline is the sponsor of an active job-training/employment program aimed at center-city youth. The program is called Potentials,

cable SMITHKLINE PHILADELPHIAPA telex 83-4487

and is a year round work/learn program in which young men and women from the community are paid to attend special classes (some taught by SmithKline employees) and become involved in their neighborhood. Permanent staff members are SmithKline employees and a youth center is maintained for work and classes nearby. Selected young students are also trained in apprentice programs; others have in the past been supported to attend out-of-town colleges for summer programs; many neighborhood youths have worked their way up in the company, having begun in apprentice programs.

4. The most obvious disadvantages to business operations in the city are primarily financial: increasing property tax burdens because of decreasing city populations; high wage, personal income or sales taxes; the high costs of rental properties, and a generally high cost of operation. But other factors also discourage business from locating in cities: crime and vandalism and the inability of the cities to continue to furnish high-quality services such as education, both of which lead to an exodus of business and residents from the city.

If the cities are to again become attractive locations for industry, we believe the overriding theme of any Federal policy must be the reduction of those factors that discourage business from locating in cities and the promotion by positive action of incentives to businesses contemplating location or expansion in cities. The suggestions listed below cannot be effective unless they are accompanied by vigorous local, state and federal efforts to stimulate activity in the private sector, thereby creating more tax revenue and jobs. The following recommendations are based on the assumption that private sector activity is a prerequisite to their success:

a. A complete review and reassessment of all major Federal programs to identify and revise those that actually foster an exodus from the cities. This was the subject of a recent Rand Corporation study, reported in the November issue of the magazine, NATION'S CITIES.

b. Federal tax credits and/or low interest loans to existing industries that modernize and expand and to new industries that locate in areas of high unemployment. The high unemployment criteria would guarantee help to the older cities of the Northeast and Midwest.

c. Assurance that the cities in the Northeast and Midwest receive their fair share of Federal jobs and Federal contracts and procurements, but not at the expense of the competitive bidding process.

d. A new Federal requirement that cities receiving Revenue Sharing and Economic Development Administration funds meet strict standards of fiscal responsibility.

e. Federal grants for public education designed to require realistic vocational education programs in the public schools.

f. A reordering of Federal transportation policies and priorities with recognition of the need for more Federal aid for public transportation in and to cities. Such new policies and priorities should, however, place strong emphasis on the fiscal accountability that must be required of all public transportation facilities.

g. Legislation aimed at assuring uninterrupted and cost-realistic public service in cities through the imposition of reasonable restraints on the wage-rise demands of public employees. Such legislation should take into account the essential nature of public service to the community and provide reasonable and effective alternatives to strikes and slowdowns through more sophisticated arbitration techniques.

I hope the information I've provided and the suggestions I've made will be of help in your consideration of this very serious issue.

Sincerely,

Robert F Lee

THE SPERRY AND HUTCHINSON COMPANY
THE SPERRY AND HUTCHINSON BUILDING • 330 MADISON AVENUE • NEW YORK

ROBERT A. WHITEHORNE
VICE PRESIDENT
PERSONNEL AND ORGANIZATION PLANNING
TEL. 212-983-7993

December 1, 1977

Dear Representative Reuss:

In response to your letter of October 27, 1977 on the matter of unemployment in the central cities, we offer the following information in reply to your specific questions:

1. Operations of The Sperry and Hutchinson Company presently located in central cities and numbers of employees (50 or more only):

Bridgeport, Connecticut	200
Buffalo, New York	430
Chicago, Illinois	75
Los Angeles, California	300
New York, New York	750
Oakland, California	50
	1805

   The above total represents approximately 11% of our total work force of 16,000 people nationwide.

2. There are no plans presently underway either to expand or contract these operations in the next five years, other than normal growth which we expect in our various businesses. We have recently signed an eight-year renewal of our lease at 330 Madison Avenue in New York City which is our corporate headquarters.

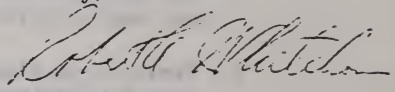
3. Our company currently sponsors or participates with the following organizations in programs aimed at the unemployed in central cities:

   Urban League
   Opportunity Industrialization Centers (OIC)
   Comprehensive Education and Training Act (CETA)
   National Alliance of Businessmen (NAB)

4. Much has been written in response to this question. We direct your attention to one volume, a statement published by the Committee for Economic Development in 1970, when Mr. William S. Beinecke, Chairman of the Board of The Sperry and Hutchinson Company, was a member of its Research and Policy Committee. The thrust of that statement, which is toward area-wide solutions to the problems of the central cities and their surrounding suburbs supplemented by federal and state support, is as valid today as it was then. The point we want to make is that the problems of the central cities cannot be solved in isolation; they need to be dealt with in a regional context.

Finally, while all of the problems of the cities are discouraging, we have not despaired; we remain committed to New York City.

Sincerely,



SOHIO THE STANDARD OIL COMPANY
MIDLAND BUILDING, CLEVELAND, OHIO 44115

RICHARD M. DONALDSON
VICE PRESIDENT
GOVERNMENT AND PUBLIC AFFAIRS

December 7, 1977

U. S. House of Representatives
Subcommittee on the City
Committee on Banking, Finance and Urban
Affairs of the Ninety-Fifth Congress
604 House Office Building, Annex 1
Washington, D.C. 20515

Gentlemen:

This letter is in response to your recent inquiry to our Chairman, Mr. Charles E. Spahr, requesting information concerning our corporate involvement in central cities. We share the Subcommittee's concern of the plight of the central cities and offer the following answers to the questions submitted in the hope that they will be useful in the deliberations of this Committee and its Subcommittees.

QUESTION 1 Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?

ANSWER At the present time Sohio has two major types of operations located in central cities. First, the corporate headquarters facility is located in downtown Cleveland and currently employs about 2000 people. It is our expectation that with our present plans to construct a new headquarters office building that the level of employment may increase to around 3000 people over the next five years. Second, Sohio has approximately 280 service stations located in the central cities areas of 13 major metropolitan cities located in Ohio, Michigan, Pennsylvania, Maryland, and New York. The number of service station employees associates with these facilities would be approximately 2300.

Considering both the employment in the headquarters office and the employment in the service stations, these employees represent approximately 20% of the total employment for The Standard Oil Company (Ohio).

QUESTION 2 What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?

ANSWER As stated in the answer to Question 1, it is our expectation that in the next five years we will have constructed a new headquarters office building which will employ approximately 50% more people than the existing facility. With respect to the plans for service stations located in central cities, the general trend with respect to the number of service stations nationally is on the decline. We have no reason to believe that this decline will not also affect the number of service stations we have in central cities. The major factors influencing this decline are market pressures for more efficient, low-cost services to the customer with changes from full-service stations to gas-only or self-serve, high volume service stations.

QUESTION 3 What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?

ANSWER

Cleveland Board of Education, Job Development Service
This program offers inner-city high school students who do not plan immediate college study practical guidance and assistance in finding gainful full-time employment after graduation. A manager of our company served as founder of the program in 1966 and initial Chairman of the Advisory Committee during its first five years. Our company currently has two managers on the Advisory Committee and actively recruits students through the program.

Youth Motivation Task Force - Speakers Bureau
This program was started in 1975 by the Metropolitan Cleveland Jobs Council, an affiliate of the National Alliance of Businessmen. Under its direction, young businessmen and women speak directly to inner-city junior and senior high school students concerning job opportunities and job requirements in their respective fields. Our company has been actively involved in the program since its inception.

Cleveland Opportunities Industrialization Center (COIC)
This job training program was started in the Cleveland area in the mid-1960's. Company managers have been on the COIC Board since its formation. COIC provides training in communication, computation and job skills for the unemployed and under-employed in the Cleveland area. A Sohio manager currently serves on the COIC's Board of Trustees. In 1975 Charles E. Spahr received the Key Award for outstanding service to the COIC.

Cooperative Office Education (COE) Programs of the Cleveland Board of Education
Under this program, high school seniors work for four hours per day after attending a half-day of classes. Generally geared to secretarial, typing and clerical fields, this program enables inexperienced high school students to gain practical business experience while still continuing their education.

Cleveland Board of Education's Business Education Advisory Committee
This committee makes recommendations to the Board regarding appropriate programs and curriculum for training business students. The committee sponsored "A Day in the Office" program in the fall of 1975 and 1976 under which seniors in business classes could visit a company for one day to "work" and observe what a typical business day is like. Both years Sohio hosted thirty students from Cleveland city high schools. A Sohio manager currently serves on the Business Education Advisory Committee.

Speaking Assignments
Sohio managers and other employees frequently speak to junior and senior high school students who are interested in learning about opportunities in science and business and about job-hunting skills and techniques. These requests come from schools and community groups throughout the Greater Cleveland area, but most of the requests come from the Cleveland Public School System.

QUESTION 4 Which existing federal, state or local policies, if any, discourage you from maintaining or locating operations in central cities? What new governmental policies would encourage you to maintain or locate operations in these areas?

ANSWER The decision to locate or to maintain a location of operations in central cities is multi-faceted. It is reasonably difficult to point to any specific federal, state or local policies which, in themselves, would discourage us from maintaining or locating operations in central cities. In general, we locate facilities based on market demand and an economic environment wherein we can make a reasonable profit. Many central cities have a decreasing population and buying power associated with an economic environment of high costs, making investment in many facilities non-economic.

Sincerely,

Richard M. Donaldson

Stauffer Chemical Company
Westport, Connecticut 06880 / Tel. (203) 222-3000 / Cable "Stauffchem"

November 28, 1977

Henry S. Reuss, Chairman
Subcommittee on the City
Committee on Banking, Finance
and Urban Affairs
U.S. House of Representatives
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Mr. Reuss:

This is in reply to your letter of October 27, 1977 about central cities and their unemployment.

In answering your questions we have used the definition of "central cities" designated by the U.S. Office of Management & Budget for Standard Metropolitan Statistical Area, i.e. the largest city in each SMSA. Consequently, many of our facilities that are located in or near large cities were not specifically included in framing this reply. However, the information provided below would, in most instances, be the same even if such facilities were also included.

Question 1. Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force.

Answer: 31 Company operations are at present located in central cities and they employ 22.6% of the Company's total U.S. workforce of 12,061 employees.

Question 2. What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?

Answer: Expansion and contraction affects many of our operations and will continue to do so in the future based on competitive needs. In that regard it is not expected that an expansion or contraction of any central city location will be based on factors that differ significantly from factors that have influenced such decisions in the past. Examples of such criteria are:

Proximity of raw material
Sufficiency of utilities that supply power and energy sources
Labor climate
Proximity of customers
Availability of land for future expansion
Availability of appropriate transportation facilities
Local and state regulatory factors

Question 3. What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?

Answer: Our prime recruiting sources for employees are the state unemployment service and newspaper advertising. Our job training is primarily on-the-job training with some apprenticeship programs where appropriate.

Question 4. What existing federal, state or local policies, if any, discourage you from maintaining or locating operations in central cities? What new governmental policies would encourage you to maintain or locate operations in these areas?

Answer: Items which have a discouraging effect on maintaining or locating operations in central cities are:

High taxes
Crowded conditions
Lack of room for expansion
Inadequate police protection
Lack of parking or public transportation
Poor educational systems
Higher cost of living

Governmental policies that would correct the above mentioned discouraging conditions would encourage maintaining or locating operations in central cities.

Yours truly,

Lester J. Dequaine

Lester J. Dequaine
Vice-President
Employee Relations

23-313 O - 78 - 24

Sun COMPANY

Theodore A. Burtis
President

100 Matsonford Road
Radnor, Pennsylvania 19087
(215) 293-6521

November 28, 1977

The Honorable Henry S. Reuss
Chairman
Subcommittee on the City
Committee on Banking, Finance
and Urban Affairs
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Reuss:

In response to the letter from your Subcommittee on the City regarding the plight of our central cities and their unemployed, we are pleased to offer the comments of Sun Company.

You asked first:

"(1) Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?"

For our size as a corporation, we are not particularly labor intensive. At the end of 1976, the latest figures we have published, our total U.S. employment was 27,769.

Of these, about 5,800 are employees of recent acquisitions primarily in the fields of industrial distribution, convenience food stores, trucking, and communications, most of whom were not located in central city areas at the time they became a part of Sun Company.

The remaining 22,000 employees are those who work in our traditional petroleum business and our shipbuilding subsidiary. Of these, we have identified about 12,700, or about 60 per cent who currently work in central city areas. They are mostly office workers, although some of our refinery employees, some employees working in marketing warehouses and our shipyard workers would also fall in this category.

22,000
+ 5,800
27,800 base figure

changes percentage to 50% approx

The remaining employees not in central cities are employees of our coal mine, most of our refineries, our pipeline employees and those engaged in domestic oil and gas operations and marketing activities in the field.

Next, you asked:

"(2) What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?"

Our company is currently in the midst of change, as we prepare ourselves to deal with the business climate of today and what we can expect in the future. We recognize that petroleum has a limited long-term future, although we expect that petroleum will be a major business for us for at least the next 20 years. Nevertheless, the directions we will go in the future has yet to be determined.

As I have already mentioned, our traditional business has never been labor intensive. Also, due to the changes which have taken place in the past ten years, petroleum operations have had to become more cost effective, and hence in some parts employment is shrinking. At the same time, other parts of our business are growing in response to market conditions. We expect to experience continuing change in coming years, with parts of our company growing, other parts shrinking and new parts being added.

The motivation behind our organizational developments and our changes in workforce is not a conscious decision to flee the central cities.

Our need to change locations, where such change has been implemented, has been the result of our new corporate organization, in which we created a series of new subsidiaries to decentralize decision making. We feel that geographical separation of these subsidiaries will contribute to their efforts of learning to stand apart.

In most cases, where central city offices or operations have been moved, they have not moved out of the central city areas.

An exception has been our corporate headquarters which did move from central Philadelphia to the suburbs. Again, we felt a strong need to get the parent company separated from the subsidiaries. However, this headquarters move involved only about 200 people, 98 per cent of whom already lived in the suburbs, so that no major disruption in employment resulted.

In the future, as long as central cities remain acceptable places to live and work, we anticipate remaining in them. Therefore, the work of your Subcommittee to the extent that it can identify opportunities for maintaining or upgrading the quality of life in central cities would support our resolve.

Next, you asked:

"(3) What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?"

Again, I must state that our current businesses are not particularly labor intensive, and we are not in a current growth phase in terms of employment.

However, we do have a number of programs going on that are relevant to this question.

The training programs which we sponsor or support are mostly for high school age people and are aimed at helping them learn new skills or find direction in their lives. We help sponsor training programs (see attached pamphlet on The Academy of Applied Automotive and Mechanical Science), we encourage our employees to volunteer and give them time off and travel expenses to act as tutors in an inner city high school, and we have summer programs and work/school programs at several locations.

At our Tulsa, Oklahoma, refinery and at our shipbuilding subsidiary we run apprenticeship programs which combine on-the-job training with classroom instruction and homework.

In recruitment, although our needs are not large, we are working to meet our EEO goals through such organizations as state employment agencies, the Urban League and the Opportunities Industrialization Center in Philadelphia.

Finally, though not directly related to our own employment needs, we are actively supporting minority businesses. One of our subsidiaries, Alliance Enterprise Corporation, is a Small Business Investment Company that makes loans and management counseling available to minority small businessmen. We also have active programs for purchasing and banking with minority companies. And, Sun provides financial contributions to a variety of educational institutions which serve the central cities.

Last, you wanted to know:

"(4) Which existing federal, state or local policies, if any, discourage you from maintaining or locating operations in central cities? What new governmental policies would encourage you to maintain or locate operations in these areas?"

Again, with the understanding that our operations will be continually changing in ways not yet determined in the future, and that our employment needs may not be greatly expanding, we offer the following comments:

As you must well know from your own studies, the problems of the central cities are highly complex and often difficult to accurately define. One point we particularly recognize is that the cities' problems may be directly affected by national policy decisions which may not be intended to have such an impact.

One specific example is the current deliberations over a national energy policy. Future use of energy in our country must necessarily require additional conservation and consequent changes in lifestyle. Energy policy decisions will also affect, in one way or another, companies which are both consumers and producers of energy. As a result, those policy decisions can have the result of either enhancing or detracting from the growth and development of the cities, and these consequences should be a part of the deliberations about a national energy policy.

A second aspect of policy making that can have a major impact on the decisions of companies about the location of their operations is the issue of taxation.

Local and state taxes on wages and property in central cities are often too high, relative to the services provided to a company and its employees. Cities need to evaluate their competitive positions as places of employment and as places for employees to live.

Cities should especially consider the fact that small companies as a group employ more people than large companies. At the same time, smaller companies do not have the financial resources of the larger companies. So, in choosing locations for their facilities they favor lower cost locations. Also, it is easier for them to move existing central city facilities to lower cost areas.

Larger companies behave in a similar manner, although perhaps at a slower pace.

At the national level, taxation is an important factor in a company's investment decisions, which in turn have a direct affect on the creation of jobs. It costs on the average more than $30,000 to provide one job

in American industry, which is double the cost for 10 years ago. Taxing policies at the national level should encourage capital formation and thus have an important impact on the health of our cities.

We recognize the importance of your efforts and the need to accurately define the real problems of the cities before steps can be taken to remedy them. We hope that our comments will be helpful in understanding Sun Company's circumstances, and will make a meaningful contribution to the deliberations of your subcommittee. If we can provide additional details, please call on us.

Cordially,

G. William Miller
Chairman

Textron Inc.

40 Westminster Street
Providence, R.I. 02903
401/421-2800

November 29, 1977

Dear Mr. Reuss:

Thank you for the letter from you and your Subcommittee members dated October 27 requesting certain information about operations in central cities. The condition of America's central cities and the high rates of unemployment in these areas are certainly among the Nation's most pressing problems.

Textron is a diversified manufacturing company which operates 180 plants with 53,000 employees in the United States. Based on our understanding of the definition of a "central city", the following information relates to the four questions in your letter:

1. Textron currently operates 20 manufacturing plants in central cities. These plants vary in size, ranging in employment from less than 100 to about 2,500 people. Total employment of these plants is approximately 12,000 out of Textron's 53,000 aggregate U.S. employment. In addition, Textron operates a number of sales offices, service centers and distribution facilities within central cities, each of which has only modest employment.

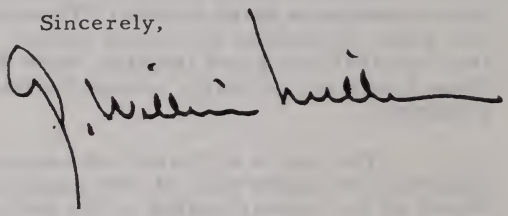
2. Expansion plans depend upon many factors, including economic climate, market conditions, competitive situations, availability of land, and so on. Presently it is expected that each of the central city plants will continue with capital expenditures intended to maintain modern, efficient productive capacity. Only one major capital expansion is contemplated among these plants in the near future.

3. Recruitment efforts and job training in central cities include use of local employment offices and a variety of local community service organizations and programs. Our company-wide affirmative action program requires each facility to take the initiative in securing employment opportunities for the disadvantaged.

4. We do not feel that Federal, State or local policies generally discourage location in central cities. Rather the determining factors are costs, availability of land and facilities, access, security, environmental constraints, local taxes and similar factors. Location of manufacturing facilities in central cities would be encouraged by (a) substantially higher rates of depreciation for investments made in such areas, and (b) availability of revenue bond financing for larger amounts than currently permitted.

I hope this information will be of assistance to you and your Subcommittee in considering proposals to aid central cities.

Sincerely,



TIME
INCORPORATED

TIME & LIFE BUILDING
ROCKEFELLER CENTER
NEW YORK 10020
(212) JU 6-1212

DONALD M WILSON
VICE PRESIDENT
CORPORATE & PUBLIC AFFAIRS

November 28, 1977

The Honorable Henry S. Reuss
U.S. House of Representatives
Chairman
Subcommittee on the City
Committee on Banking, Finance and Urban Affairs
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Congressman Reuss:

This is in response to your letter of October 27 to Andrew Heiskell on behalf of the Subcommittee on the City of the Committee on Banking, Finance and Urban Affairs. You asked four important questions of Time Inc. in that letter and we are delighted to be of help in trying to answer them.

1. Out of a total work force of 12,203 people at Time Inc. 4,628 work in the central cities. This is composed of: 2,287 in New York City, which is our headquarters, 1,353 in Chicago, most of whom work in magazine and book fulfillment operations, 486 in Boston, most of whom are at Little, Brown and Company, a wholly-owned subsidiary, 403 in Washington-Alexandria, most of whom work in Time-Life Books Inc., a wholly-owned subsidiary, and in the Time News Bureau, 50 in Los Angeles working in sales and the News Bureau, 29 in Detroit, mostly sales, and 20 in San Francisco, sales and the News Bureau.

2. We have no present plans to expand or contract those operations in the next five years.

3. We list job openings with various State Employment Services and with other agencies, public and private, who are concerned with the unemployed. Through our membership in the National Alliance of Businessmen this year we have hired 110 economically disadvantaged people and 10 Vietnam veterans in Chicago. We also have a small summer internship program and a work/study program in Chicago. In the past we have had a small training program and a summer job program in New York City.

4. The most serious problem facing us is the excessively high local and state tax rates in New York City. These rates affect us negatively as a

corporation and they serve as a disincentive to our employees to work in the city. A new governmental policy setting forth a Federal tax incentive program for companies operating in the central cities would be a useful start on this problem.

Another problem relates to our unhappy experiences with the government's handling of programs aimed at the unemployed. In the past we became enmeshed in bureaucratic mazes that certainly were not conducive to increased investment in the central city. Therefore, we would urge a new government policy that would simplify the red tape and would also make the programs flexible enough to adapt to the differing needs of different businesses.

The central cities of America are a rich resource which should not be permitted to wither but it will take imaginative and, most of all, flexible public policies to ensure that this does not happen. We are grateful for your continuing concern with the plight of the cities and for your efforts to ensure that the cities' problems will be overcome.

Sincerely yours,

UNION CARBIDE CORPORATION
270 PARK AVENUE
NEW YORK, N. Y. 10017

F. B. O'MARA
EXECUTIVE VICE PRESIDENT

November 28, 1977

U.S. House of Representatives
Subcommittee on the City
Committee on Banking, Finance and Urban Affairs
of the Ninety-Fifth Congress
604 House Office Building Annex 1
Washington, D.C. 20515

Subcommittee:
Henry S. Reuss, Chairman
Herman Badillo
John J. Cavanaugh
Millicent Fenwick
James M. Hanley
Jim Mattox
Stewart B. McKinney
Mary Rose Oakar
Edward W. Pattison

Dear Members of Congress:

Mr. W. S. Sneath has asked me to reply to your letter of October 27, 1977 regarding the difficulties of the nation's central cities. We have extended considerable effort in the field of education in the City of New York and continue to do so. The executive of our company who has spearheaded this work is being loaned for two years to the Economic Development Corporation, a privately funded nonprofit organization, who will conduct studies in a number of fields for the improvement of New York City and make these studies available to the City Administration.

The following responds to the specific questions in your letter.

1. Union Carbide has manufacturing operations in only two central cities. These cities and the number of employees working there are:

Cleveland	1015
San Diego	150
	1165 = 1% of UCC employment

In addition, we have office facilities in four central cities. These cities and the number of employees located there are:

Chicago	575
Cleveland	250
San Francisco	250
New York	3600
	4675 = 6% of UCC employment

Total domestic employment is 83,258.

2. Union Carbide has made a decision to move the Corporate headquarters out of New York City to the Danbury, Connecticut, area for the following reasons:

   a. Decreased on-the-street safety for our employees.
   b. Increased bombings and bomb threats.
   c. Inadequacy of public schools, requiring employees to send their children to private schools.
   d. Significant decrease in the number of acceptances of promotions by high potential employees when offered transfers from plant locations to corporate headquarters.

3. Union Carbide supports several organizations that are aimed at training the unemployed in central cities. They are as follows:

   a. The Bed-Sty Street Academy in Brooklyn, whose program is specifically directed at reducing the high school dropout rate and increasing literacy, two prime needs of youth for obtaining a job.

   b. The Training and Technology (TAT) program in Oak Ridge, Tennessee, directed towards developing job skills of high school students in maintenance and construction type jobs.

   c. Opportunities Industrialization Centers in New York and Montgomery County, PA, plus the national organization. This group's main objective is to train and place unemployed and underemployed people.

   d. ASPIRA of New York and ASPIRA of America, organizations which address the employment problems of Hispanic people.

4. The following problem areas would be of major concern to Union Carbide in locating any operations in central cities:

   a. Zoning restrictions and high land costs - Most of our manufacturing operations require large land areas, high volumes of water, and barge and rail transportation facilities for receiving new materials and shipping finished products. Most of our suppliers of raw materials and customers of our products are other heavy industries who also are not located in areas with high populations.

   b. Education - The local concept of passing students along rather than basing graduation on competency results in the incapability of many so-called high school graduates to read and respond satisfactorily to safety, operational and other written communications.

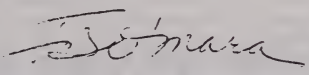
4. (cont'd)

c. Very high tax rates - yet protection against bodily and property damage is inadequate.

d. Insurance - It is either not available or the cost is exorbitant in high risk central cities.

e. Quality of life for all employees.

Sincerely,



Dale W. Van Winkle
Vice President

November 23, 1977

The Honorable Henry S. Reuss, Chairman
The Honorable Edward W. Pattison
The Honorable Herman Badillo
The Honorable Mary Rose Oakar
The Honorable James M. Hanley
The Honorable John J. Cavanaugh
The Honorable Jim Mattox
The Honorable Stewart B. McKinney
The Honorable Millicent Fenwick
U. S. House of Representatives
Subcommittee on the City
Committee on Banking, Finance
and Urban Affairs
604 House Office Building Annex 1
Washington, D. C. 20515

Ladies and Gentlemen:

In response to your request of October 27, 1977, for information pertaining to corporate activity in central cities and, adhering to the generally accepted definition of such urban areas, we offer the following comments:

1. United Technologies' corporate office and many activities of its eight major operations -- Pratt & Whitney Aircraft Group, Otis Group, Essex Group, Sikorsky Aircraft, Hamilton Standard, Power Systems, Norden and Chemical Systems -- are located in or near central cities. These urban facilities employ a substantial number of our 88,000 employees in the United States.

United Technologies Corporation, United Technologies Building, Hartford, Connecticut 06101

2. United Technologies continually reviews utilization of facilities and the need for contraction or expansion. There are no present plans for major change in urban facilities but general economic forces, particular market conditions and governmental actions can influence this situation.

3. United Technologies has implemented many recruitment and job training activities of benefit to central cities. Programs have been tailored in conjunction with government agencies to recruit the unemployed and disadvantaged of central cities. In addition, the proximity of operations to central cities has provided us with the opportunity to utilize our normal employment offices for recruitment of city residents. We have also adopted a policy of upgrading employees to higher skill levels to provide more opportunities for unskilled and semi-skilled workers from cities.

4. Government policies in the areas of local and state taxation, environmental regulation and transportation priorities may have an adverse effect on locations in central cities.

   New government policies providing tax credits for capital investment and for manpower training in central cities might induce location and retention of operations in central cities.

Best wishes in the pursuit of your investigations.

Very truly yours,

Dale Van Winkle
Vice President

THE UPJOHN COMPANY KALAMAZOO, MICHIGAN

P. S. PARISH
Vice Chairman
of the Board

December 9, 1977

Subcommittee on the City
Committee on Banking, Finance and Urban Affairs
604 House Office Building, Annex 1
Washington, D. C. 20515

Ladies and Gentlemen:

In response to your questions concerning our company's involvement in central cities and our opinions and attitudes on expansion in central cities we have the following comments.

The Upjohn Company has historically been centered in the city of Kalamazoo, Michigan, with its facilities concentrated within the city and its immediate environs. While we doubt that it would be included in the Subcommittee's listing of "central cities," we would like the record to show that we have had a continuing program of expansion of our facilities in downtown Kalamazoo. In October 1976 we dedicated the latest project, a new $43 million research and development center. This facility, in addition to those research facilities which were already in operation in that location, provides jobs for approximately 1150 persons, or about 19 percent of our total employment in the Kalamazoo area.

Operations in other U.S. cities have been small in scope and generally designed to serve only a limited regional area. In some cases these facilities have been located in central cities, but most of them have been located in suburban and even semirural areas. For the most part they have consisted of warehouses and regional sales offices.

In recent years, partly through acquisitions, the company has expanded into activities other than the production of pharmaceuticals for human use so that at present we do have some manufacturing installations in locations other than Kalamazoo. None of these, however, are located within central cities.

We have no immediate plans for the further expansion of our downtown research and development facilities. We expect, however, that when additional facilities are needed they will be constructed at this location. In addition, we anticipate that the number of jobs in the present center will increase steadily over the course of the next several years.

We have recruitment and job-training activities which are designed to give employment opportunities to the undertrained and unemployed members of minority groups. However, these programs are not directed toward the unemployed in central cities, as we believe your Subcommittee defines central cities.

Both part-time and full-time workers are engaged in providing home health care services through the Homemakers Division of Upjohn. While a relatively few untrained personnel can be utilized, most of the positions require some training in a health care area. Several thousand of the total of approximately 50,000 who provide Homemakers services do reside in central cities and many of them may have been unemployed prior to finding work through Homemakers.

The company takes many factors into consideration in deciding where to construct new facilities. Some of the factors which deter the selection of sites in central cities are: comparatively high cost of land; comparatively high local property taxes; lack of personal security for employees and visitors; inadequate automobile parking facilities and inadequate transportation facilities in general; and the difficulties of attracting highly trained technical and professional employees to a central city area.

We cannot recommend any specific measures which might induce The Upjohn Company to locate manufacturing operations within central cities. Improved security in central cities would encourage the location in central cities of sales offices and possibly warehousing facilities.

While I am sure that companies with actual experience in central cities will prove to be a much better source of information for your deliberations, I hope that our comments will be of some value.

Sincerely,

P. S. Parish

23-313 O - 78 - 25

Vulcan Materials Company

P O BOX 7497 • BIRMINGHAM, ALABAMA 35223 • TELEPHONE 205 877-3000

February 7, 1978

The Honorable Members
Subcommittee on the City, Committee on
Banking, Finance and Urban Affairs
The United States House of Representatives
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Ladies and Gentlemen:

This is to acknowledge your letter of October 27, 1977, to Mr. B. A. Monaghan requesting information to assist your committee in considering proposals to aid city economies.

For your information, Vulcan is a diversified company with positions in three basic industries. These are construction aggregates, heavy chemicals and secondary metals.

Most of our operations, including quarries and heavy industrial facilities, are not appropriate for central city locations. Total employment averages about 5,500 people, dispersed from coast to coast. This number has remained relatively stable for the past ten years and during the next five years we foresee no significant increase.

The most important factors in determining the location of quarries, chemical plants and secondary metals facilities include source of raw material, proximity to customer's operations, and zoning constraints.

Our secondary metals business would be encouraged to expand in cities such as Pittsburgh, Pa., and Gary, Indiana, through additional tax advantage for modernization of the older inner city plants to comply with EPA and OSHA standards. Some incentive for storage and processing of re-cyclable materials would also be helpful as would incentives for products that use less energy in their production than competing materials.

We recognize the size and severity of the problem you are studying and the need to find workable solutions. However, we do not believe that we are in a position to make as significant a contribution to those solutions as those businesses which are more labor intensive and more desirable for central city locations.

Very truly yours,

J. M. Luck
Government Affairs
Representative

Westinghouse Electric Corporation

C E Hobbs
Vice President
Government Relations

1801 K Street NW
Washington DC 20006

December 15, 1977

The Honorable Henry S. Reuss
Chairman
Committee on Banking, Finance
and Urban Affairs
United States House of Representatives
2129 Rayburn House Office Building
Washington, D. C. 20515

Dear Mr. Chairman:

This is in response to the letter of October 27, 1977, from the nine members of the Subcommittee on the City.

Regarding question one, as your letter points out, heavy industrial plants tend to be located outside of downtown areas but other types of activities lend themselves to city locations.

Practically all of our sales and service locations are within the larger cities. Of our 120,000 employes in the U.S., at least 8,000 involved in sales and service are located in cities. Another 800 employes in our Corporate Headquarters work in the center of the city.

Distribution and warehouse centers, which rely heavily on truck transportation are more typically located outside of downtown areas.

We are predominantly a manufacturing company, and although many of our older plants are located within some of the larger cities, our newer plants are mostly in suburban areas.

On question two, it would be difficult to identify specific future plans for expansion or contraction, but we expect the existing pattern to continue.

1. Recent expansions of sales and service offices have been in the cities and will continue to be there.

2. We have several old manufacturing locations within large cities that are being closed either because of loss of business volume or because the facility has become non-competitive.

On the other hand, we have established light manufacturing operations in hard-core unemployment areas in Pittsburgh and Baltimore, as part of our Affirmative Action programs.

Regarding question three, training programs for disadvantaged citizens in which Westinghouse has participated include occupational training centers in Pittsburgh and Baltimore; a remedial education center in the Anacostia neighborhood in Washington, D. C.; training of hard-core unemployed persons in Baltimore, Maryland; Jersey City, New Jersey; Bloomfield, New Jersey; East Pittsburgh, Pennsylvania; and Pittsburgh.

Assistance of minority enterprise is another method of heightening opportunity. Westinghouse places some of its insurance with minority-owned companies and lodges some of its funds in minority-owned banks.

Minority enterprise also got a boost by a recent Westinghouse minority business conference held in Baltimore. The company sent out information and ran advertisements in business and minority publications. Nearly 300 suppliers attended the one-day event, representing 170 companies. In addition, representatives from 15 local, state, and federal government agencies dropped in to observe the operation.

As to question four, the problem of locating in a central city relate both to the state and the city in question. A short time ago one of our company officers responded to a request from a legislator in New Jersey that Westinghouse comment on how to keep jobs in New Jersey and attract new business there. In quoting from that letter it is not our purpose to single out New Jersey or Newark for criticism. Obviously the problems confronting business are not the same in any two cities or states, but we are quoting from that letter because it was thoughtfully prepared concerning a specific geographic area, and some of the problems encountered in New Jersey are typical of those in other states and cities.

The following are excerpts from the letter in question:

> "Apparently you realize, along with us, that something is indeed wrong in New Jersey. While most of our nation is recovering from the recession, we are making little headway in New Jersey. Our unemployment rate remains far above the national average, with some 300,000 people out of work. Our unemployment compensation system is in debt to the Federal Government for an amount approaching $7 million! We have

slipped behind in nearly every category--employment, construction, retail store sales, new homes, sales of electricity--we are even going in the wrong direction in the number of business failures. Personal income, compared to the rest of the nation, is in a steady decline and now we have become one of only ten states with an outward migration of households.

"In just seven years New Jersey has lost 20 per cent of its factory jobs. We now account for only 3.9 per cent of the nation's manufacturing jobs compared to 4.5 per cent as recently as 1970. Why?

"Foremost, the cost of doing business here is extremely high compared to other areas. I am talking about such factors as transportation costs, payroll and fringe benefits, taxes, electricity, fuel, water, sewerage costs and construction. Pollution control systems are also becoming burdensome to many industries. Some sort of pollution control incentives are sorely needed.

"Existing inequities on property tax assessments are troublesome. Certainly consideration should be given to property tax abatements for industrial and commercial properties, especially in the inner cities. Investment tax credits for new plants and expansions should be studied.

"I hardly need tell you that one of the most discouraging situations in our State is the unreasonable cost of unemployment compensation. The lax methods of applying the ineligibility and disqualification provisions of the law repel all businessmen. Further, in most cases the liberal benefits replace such a high proportion of take-home pay that there is little incentive to seek or accept employment until all benefits have been exhausted. Penalties for fraud and misrepresentation in obtaining benefits are extremely lenient.

"Similarly, the inordinately large number and excessive amounts of permanent partial disability awards granted in our State make our Workers' Compensation Program one of the most expensive and most abused in the entire nation.

"Crime is a problem in our inner cities. At our plant in Newark, for instance, it is difficult to employ skilled workers and professionals and our employes resist overtime and night-time shifts in fear of their safety and their property.

"New Jersey does have important assets for the businessman--geographical location, available skills, research and technology facilities--to mention a few. The undesirable factors are largely the making of our state political bodies and it is there that most of the remedies must be found."

Sincerely,

Claude E. Hobbs

Westvāco

December 5, 1977

The Honorable Henry S. Reuss
Chairman
Committee on Banking, Finance
and Urban Affairs
U.S. House of Representatives
Washington, D.C. 20515

Dear Representative Reuss:

In reference to your October 27 letter, we too are concerned about the plight of the Nation's central cities and, in particular, New York City since our Corporate Headquarters is located here.

Westvaco Corporation feels a responsibility to provide safe and suitable working conditions for its employees. Yet, this is virtually an impossibility. Acts of crime and vandalism in the city go unpunished and bomb scares have caused evacuations and work disruptions in the heart of the business district.

No member of Congress---not even those representing New York City, were evident in their opposition or outrage at the criminal actions of the hoodlums during the recent blackout, bombings and bomb threats in the city.

This situation makes it logical for companies to reassess their plans to remain in the city at all rather than wonder about creating additional jobs.

Expenditures for education are high, but the quality of education is poor and still deteriorating. Support for the work ethic and the responsibility of the individual are low.

The correction of these problems do not require federal programs. Their solutions relate instead to the quality and attitudes of government within the city. Until there is within the city a

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willingness to forthrightly face the problems and start a process of correction here, additional outside help may do more harm than good.

Until attitudes begin to change at the local level, it is unlikely that there will be a climate that is conducive to greater job opportunities.

Sincerely,

David L. Luke, 3rd
President

WHITE MOTOR CORPORATION

S. E. KNUDSEN
CHAIRMAN OF THE BOARD

December 1, 1977

The Honorable Henry S. Reuss
Chairman
Subcommittee on the City Committee
on Banking, Finance and Urban Affairs
U. S. House of Representatives
604 House Office Building Annex 1
Washington, D. C. 20515

My dear Mr. Reuss:

In response to your letter of October 27, 1977, we, at White Motor Corporation, share your concern for our nation's central cities and their many unemployed citizens. We recognize the important roles government and industry must play in the survival of the central cities and it is our intention to continuously evaluate our responsibilities as a corporate citizen.

We have provided the following information in response to your inquiries:

1. "Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?"

   We have two major plant facilities located within large central cities.

   A. South Bend, Indiana -- This plant manufactures farm implements. It employs approximately 701 employees (or 6.4%) out of a total corporate population of 10,899.

   B. Cleveland, Ohio -- This plant fabricates heavy-duty truck parts, assembles trucks, and contains a central parts warehouse. It employs approximately 2,187 employees (or 20.1%) out of a total corporate population of 10, 899.

2. "What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?"

   Market conditions will greatly influence the expansion or contraction of these plants. Factors such as old facilities, high wages, and restrictive work rules contained in union contracts may affect plant expansions.

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3. "What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?"

   Recruiting is based upon the best qualified applicants, consistent with our Affirmative Action goals. We have several job-training activities; however, we rely primarily on on-the-job instruction, as we have found it most beneficial to our employees.

4. "Which existing federal, state or local policies, if any, discourage you from maintaining or locating operations in central cities? What new governmental policies would encourage you to maintain or locate operations in these areas?"

   We do not feel overly restricted by any current government policies relating to plant locations in central cities. We are not proposing any specific government legislation to artificially attract businesses to the central cities; although, prime influencing factors would include tax advantages, availability of energy, land, qualified labor, transportation, and reasonable security services.

It is our sincere hope that this information will be of help in your endeavors concerning the central cities.

Sincerely yours,

S. E. Knudsen

II. SELECTED RESPONSES FROM THE FORTUNE 300 CORPORATIONS

A. BANKING

THE BANK OF CALIFORNIA

ead Office: 400 California Street · San Francisco, California · Mailing Address: P.O. Box 45000, 94145 · (415) 765-0400

December 7, 1977

U.S. House of Representatives
Subcommittee on the City
Committee on Banking Finance
and Urban Affairs of Ninety-Fifth Congress
604 House Office Building Annex 1
Washington, D.C. 20515

In response to your letter of November 14, 1977 addressed to Mr. Chauncey E. Schmidt, regarding proposals to aid city economies, enclosed is our response to all questions as stated in letter.

Sincerely yours,

Edward M. Carpenter
Senior Vice President
and Counsel

EMC/ls

Encl.

QUESTION NO. 1:

Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?

RESPONSE:

The Bank of California is the 39th largest bank in the Nation, with total deposits of $2.5 billion. It operates 78 domestic branches in three states - California, Oregon and Washington. A large part of its operations is located in, or within easy access to central cities (defined as major city locations characterized by high population density and high unemployment). The central cities in which the Bank maintains operations include San Francisco, Oakland, Los Angeles, San Diego, Seattle/Tacoma and Portland. Of the Bank's total 3,500 employees, 2,000 (57%) work at locations in the above cities.

QUESTION NO. 2:

What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?

RESPONSE:

Due to special circumstances related to the need for dramatically improved earnings performance at this Bank, it has been necessary to contract rather than expand the size of our operations over the last several years. This has resulted in an overall staff reduction of 15%, as employment has declined from a peak of 4,100 in 1973 to 3,500 currently. In addition, within the next several months, the Bank will complete the sale of 30 of its 78 domestic branches in order to effect further efficiencies. Nearly all of these branches are located in outlying areas rather than in central cities. Also, while the sale of these branches will result in further staff reductions, the affected employees will not lose their jobs but will join the staffs of the purchasing banks.

Once this sale has been consummated and other restructuring measures have been satifactorily completed, the Bank will once again be able to pursue a policy of well directed expansion and growth. To prepare for this growth, the Bank is currently developing a new, long range Corporate Plan. When finalized, it is anticipated that this plan will place strong emphasis on developing selected commercial and industrial type markets for the Bank. The focus will include supplying banking services to many organizations which tend to be located in central cities. Our efforts in these markets may thus include expansion of existing operational and marketing staffs in current central city locations as well as the building or acquisition of additional offices in major cities.

QUESTION NO. 3:

What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?

RESPONSE:

1. The Bank of California posts all outside openings under $25,000 with the State Employment Development Department.

2. The Bank of California makes regular monthly community contact calls on local community agencies and organizations which supply applicants for existing open positions.

3. The Bank of California participates in inter-city on-job training programs designed to provide prospective applicants with skills necessary to obtain permanent employment.

4. The Bank of California participate on advisory boards of local community groups interested in obtaining employment opportunities for members of their residential areas.

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QUESTION NO. 4:

Which existing federal, state or local policies, if any, discourage you from maintaining or locating operations in central cities? What new governmental policies would encourage you to maintain or locate operations in these areas?

RESPONSE:

A. We are aware of no major obstacles in federal, state or local policy that would directly discourage banks from maintaining or operating facilities in or near central city areas. In fact, as previously mentioned, many of our Bank's operations are, and will continue to be, located in these vicinities. However, at some point in the future, the following could be of concern to us as we again begin to follow an expansionary course.

1. Branching Laws

Banking regulations in the state of Washington prohibit de novo branching, except in the city in which a bank has its headquarters location. This regulation could prevent the Bank from locating in or near central city areas in that state. Consideration, therefore, could be given to the adoption of a statewide branching policy in Washington.

2. Zoning

Although not seen as severe limitations, our future expansion plans could be affected by local regulations regarding the size and quality of facilities, the amount of "green belt" space and the availability of parking which may apply in certain locales. These restrictions may cause such high costs of both entry and operation that the economic feasibility of these sites could prove negative. Clearly, there must be a balance between environmental concerns and economic value.

3. Training

The Bank has on an on-going basis participated in various "grass roots" training programs which are aimed at the disadvantaged in central city areas. For example, the Bank has been involved with the CETA, JOBS and other local programs such as Skills Centers, Urban League and OICW. These governmental subsidized programs have in many ways yielded positive results. Consideration should be given to further strengthening of these programs for training the unemployed.

B. Banks tend to locate their major, labor intensive offices near the business organizations to which they provide financial services. Generally, these banking offices are located to "follow the business activity". Thus, measures to stimulate local economies in central city areas will indirectly result in new employment opportunities in the banking industry. The following approaches to improve business conditions and, therefore, to reduce unemployment levels could be given consideration.

1. Business Taxes

Business taxes in some localities discourage business activity. For example, high business payroll taxes in San Francisco have caused firms to move away from the city. When relocation is to distant sites, employees are displaced and the central city employment problem is aggravated. Cities with high business taxes should consider a re-evaluation of these tax rates in order to attract rather than turn away business enterprise.

2. Tax Incentives

Land and property tax policy could be reviewed with the intent of adopting reforms that would encourage businesses, including banks, to locate in areas that would reduce central city unemployment. For example, tax credits or deductions on the purchase or lease of land and on the rehabilitation of existing structures within these areas could be of some aid.

3. Neighborhood Security

It may be useful to encourage upgrading of security in central city areas as a means for attracting business. In the past, vandalism and violence in certain business districts have caused substantial damage to commercial firms. Consideration could be given, for example, to additional police protection in these locations to create a more favorable business climate. In addition, "high crime" neighborhoods should be encouraged to "help themselves" by making these central city areas safe. To the extent that crime discourages businesses there is an aggravation of the unemployment problem, and a self-defeating and vicious circle type phenomenon results.

4. Foreign Business Enterprise

For some time there has been an anti-business attitude in California. These feelings have been related to a variety of issues, including high business taxes, high wage rates, etc. Some progress toward alleviating the anti-business climate apparently is being made as evidenced by

the Governor's efforts to attract foreign industry to the state. Hopefully the Governor's efforts will be successful. To the extent that foreign enterprise can be located near central city areas, there can be a significant impact on reducing the unemployment problem.

5. Environmental Impact Obstacles

The approval process for establishing commercial plants and offices in some areas can be tedious and discouraging. In the San Francisco Bay Area, the Yerba Buena Project has been substantially delayed because of "red tape" problems. Solutions that can be found to expedite the approval process will clearly encourage business activity and result in reduced unemployment. Environmental concerns are, of course, well intended. They can, however, be self-defeating by creating other more serious problems. The total public good must be the final criteria.

6. Government Funding Obstacles

Government funds available for redevelopment projects are sometimes rejected by local groups because of the "conditions attached". For example, in Oakland, Affirmative Action requirements necessary for obtaining federal funds for redevelopment have created reluctance on the part of developers. As a result, most redevelopment in Oakland has been funded with private money.

7. Affirmative Action

Affirmative Action requirements are also, of course, well intended but may result in working against the central city unemployment problems. For example, employment quotas calling for racial distribution to match that of the community mix may tend to discourage business from locating in the area since they may feel forced to hire unqualified people.

8. Other Subsidies

A variety of additional subsidized programs could be instituted to improve the business climate in areas near to central cities. The following could be considered:

a) Extend the SBA Program. Decrease down payment requirements and reduce "red tape" for business loans to firms in these areas.

b) Subsidize insurance premiums for businesses located in central cities as protection against property damage, etc.

c) Provide subsidies for unemployment compensation insurance, particularly in seasonal-type businesses which lay off employees at certain times of the year.

THE BANK OF NEW YORK
NEW YORK'S FIRST BANK - FOUNDED 1784 BY ALEXANDER HAMILTON

48 WALL STREET, NEW YORK, N.Y. 10015

ELLIOTT AVERETT
CHAIRMAN OF THE BOARD

December 15, 1977

U. S. House of Representatives
Subcommittee on the City Committee
on Banking, Finance and Urban Affairs
of the Ninety-Fifth Congress
604 House Office Building - Annex 1
Washington, D.C. 20515

Attention: Hon. Henry S. Reuss, Chairman

Gentlemen:

We share with you the fact that central cities and their unemployment is one of the most pressing of this nation's problems and that it will be necessary for government and business to work together in an effort to alleviate this problem. In your letter of November 14, 1977 you asked that we provide you information as follows:

1. Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?

The Bank of New York maintains offices throughout a large portion of New York State. In fact we have 148 branch offices with regional operations located in New York City, Syracuse, Endicott, Albany, Olean, Buffalo and Westchester, Orange, Rockland, Sullivan, Putnam, Nassau and Suffolk counties.

Throughout the state we employ approximately 5,200 employees on a full time basis and 500 on a part time basis. In responding to the question regarding operations and the total work force located in a central city, we assume you are referring to New York City and will address ourselves accordingly. Of our total staff listed above, approximately 2,900 full time and 100 part time are in New York City. The work involved ranges from the lowest level clerk to the executive officers of the Bank. These involve people in our operations, tellers and platform people in our branches, and business development and contact officers in banking, trust and investments.

2. What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?

Presently we have no plan to expand in the more clerical type functions and business growth will determine the expansion needed in our marketing and contact officer areas. One reason for not expanding in the operational or more clerical type jobs is mainly because of our continued efforts in the area of

automation.

3. What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?

We hire some unskilled workers and through in-house training qualify them. We provide financial aid, technical guidance, job openings to OIC-New York (Occupational Industrial Corporation). Listed below are some of the training activities.

a. Co-op and high school graduate secretarial training--

Each year a number of co-op students (these are junior and senior high school students who go to school one week and work one week) come to us with some basic typing and/or shorthand skills. They are trained by us to improve these skills to bank standards as well as develop skills in spelling, filing, office procedures, telephone usage, bank terminology, forms preparation, etc. There are also a number of high school graduates trained in the same program each July.

b. We offer courses that cover basic skills.

These are usually attended by the more recent employees and cover such items as telephone courtesy, English the Easy Way (review of some basic grammar and punctuation usage), and business writing.

c. We offer a program in English as a Second Language for employees who have difficulty in communicating effectively in English.

While the majority of our participants have been Spanish speaking, we have included every nationality from Polish to French to German and Israeli.

d. American Institute of Banking courses offer some basic skills as well as some specific banking programs.

Some of these courses are reading and writing English skills, programs for the foreign educated and college math for business. Students without a high school diploma who complete 24 credits can receive a New York State Equivalency Diploma.

e. In cooperation with the Boy Scout Employer Program, a program for developing data processing skills for current New York City high school students.

4. Which existing federal, state or local policies, if any, discourage you from maintaining or locating operations in central cities? What new government policies would encourage you to maintain or locate operations in these areas?

Regarding the existing federal, state or local policies that might discourage us from maintaining or locating our operations in central cities, the major one is probably the tax situation in New York State and New York City. Banks are taxed more heavily than other businesses and all types of businesses are in need of some relief in this area.

Regarding the second question, probably the one area of great importance would be the establishing of a free trade zone for banking in New York City, thereby strengthening the city's position as a world financial center. Such a plan would create many new positions for the city with estimates running as high as 50,000 jobs being created in five to ten years.

Again, thank you for asking us to respond to your questions regarding central cities and aid for them.

Very truly yours,

Elliott Averett

Chairman

BANK OF AMERICA

A. W. CLAUSEN
President

December 12, 1977

U. S. House of Representatives
Subcommittee on the City
Committee on Banking, Finance
and Urban Affairs
Ninety-fifth Congress
604 House Office Building Annex 1
Washington, D. C. 20515

Gentlemen:

Bank of America appreciates this opportunity to communicate our activities in urban development to the Congress. We support the Subcommittee on the City's effort to obtain information on central city improvement and job opportunities, and we will try to assist you in any way we can.

Approximately 300 of our 1100 branches (27.5%) are located in central business districts. This figure does not include those branches located in small cities which contain only one center of commerce. Our headquarters, regional administration and data processing facilities are also located in urban areas. Approximately two-thirds of our domestic employees work in central city locations.

A decision to locate a branch is not based on a judgment of the "quality" of a neighborhood. Rather, we choose locations on the basis of profit criteria and on our assessment of local banking needs. Since 1970, we have located six branches in inner city areas which have been characterized as either declining, deteriorating or stagnant. These branches are in East Palo Alto, Watts, Bakersfield, Sacramento, Riverside and San Francisco. We have built these new facilities because we believed that these communities could support another bank.

Bank of America conducts or participates in seven programs to promote central city employment. Among these programs are our Regional Occupation Program (a series of agreements with local school districts to provide half-day employment for high-school seniors), our Youth Motivation Task Force (in which our minority employees visit schools to discuss employment opportunities) and the Help Through Industry Retraining and Employment effort (in which we have pledged to hire 125 veterans). We also participate in a CETA on-the-job training program. Our experience with CETA employees has been excellent. All of our central employment offices devote considerable energy to working with community representatives to develop employment referrals.

As a lending organization, Bank of America clearly can help to promote urban investment. In 1975, we initiated the City Improvement and Restoration Program (CIRP) in part to rehabilitate and finance housing and business district improvements in older parts of cities and towns. Since its inception, CIRP has worked with 23 cities which utilize their Community Development Block Grants as collateral for low-interest loans. Since 1976, we have granted 630 loans totaling $5 million in this program, and we are now testing a program to stabilize an older residential neighborhood in San Jose. Again, we have been very happy with the success of this program.

We believe that the best way for the federal government to encourage private-sector efforts in urban revitalization is to provide a climate in which normal business judgments can operate. This means that federal agencies should work with their local and state counterparts to provide the continuing operating support urban development requires. We believe that the problem of inner city enterprise is not so much finance-related, as it is due to the difficulties of operating a business in congested, high crime areas. If the government works to provide the economic infrastructure necessary to support an enterprise over the long term, then private support will supply the funds for the initial development.

In our own inner city operations, we have sometimes been frustrated by the delays in obtaining necessary permits. We would suggest that deadlines by which date a permit must be issued be generally instituted. This would greatly facilitate construction and expansion in downtown districts.

For your information, we attach a copy of our publication, The Community and the Bank. This booklet will provide further detail on Bank of America urban programs. Bank of America has also established an internal Housing/Aid to Cities Task Force, which coordinates bank policy on urban issues. This task force has worked with the Treasury Department and with HUD on their urban proposals, and it would be pleased to provide information to your Subcommittee as well.

Thank you for this opportunity to participate in your legislative planning.

Sincerely,

A. W. Clausen
President

Attachment

(The publication referred to above: "The Community and the Bank" is retained in the Subcommittee file. An excerpt from the publication is attached.)

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

Housing and Community Improvement

About four-fifths of California residents live in urban environments—almost two-thirds in the Los Angeles and San Francisco metropolitan areas. Maintaining the vitality of these urban centers, particularly in the inner cities, is one of the bank's chief concerns in addressing the issue of housing.

Urban Real Estate Lending

In 1976, the issue of real estate lending for properties located in urban neighborhoods continued a major concern for financial institutions, Congress, and the public at large. For several years, community groups around the country have charged that lenders practice redlining—denial of loans on properties located in specific geographic areas without regard for the creditworthiness of the individual mortgage applicant or for the quality of the specific properties in question.

Congressional concern led to passage of the Home Mortgage Disclosure Act, effective 1976, which requires all depository institutions with more than $10 million in assets to report publicly the geographical location of the real estate and home improvement loans they made in a one-year period.

Accordingly, Bank of America released a report in September 1976 on this segment of its 1975 lending activity. This was the first of five annual reports to be required. To inform the public of its availability, the bank placed advertisements in the state's major newspapers and sent news releases to more than 1,500 newspapers and television and radio stations.

Bank of America believes that joint efforts by lenders, the communities concerned, and government is the only useful way to resolve the complex problems of neighborhood regeneration. Lenders like Bank of America can play a major role in maintaining healthy communities by providing the funds needed for the purchase and improvement of housing. Understanding this, the bank has instituted several special loan programs, discussed in the following pages. It also recognizes that municipal services, zoning, law enforcement, quality of schools, and the like all affect a neighborhood's growth or decline, and that the actions of citizens' groups and government must reflect a concern with all these elements as well.

City Improvement and Restoration Program (CIRP)

CIRP was initiated in 1975 with four principal objectives: (1) rehabilitation and preservation of existing housing, (2) financing of the purchase of homes in older neighborhoods, (3) con-

struction of senior-citizen and low-cost housing, and (4) restoration of declining business districts. The bank pursues a number of specialized activities within the CIRP framework.

Community Development Program

Through its Community Development Program, originated in 1976, the bank enters into contracts with California cities and counties to provide funds to homeowners in certain target areas for the improvement and modernization of their homes. The cities use federal Block Grant funds as collateral for these loans, enabling the bank to lend at low interest rates. By year's end, the bank had signed contracts with 14 municipalities and counties throughout the state: San Diego, Alameda County, Torrance, Menlo Park, San Mateo City and County, Inglewood, National City, Sunnyvale, Concord, Ventura, Arcata, Crescent City, Chula Vista, and Brea. The bank has committed funds totaling $5,968,000 under this program, of which more than $1 million was loaned as of year-end 1976.

Residential Assistance Program (RAP)

Through RAP, the bank is cooperating with a city neighborhood rehabilitation program in San Francisco to finance housing renovation at low interest rates. In 1976, the bank purchased the first issue of RAP bonds—for $2.5 million—and has committed itself to purchase an additional $17.5 million.

Chico Housing Improvement Program (CHIP)

In 1975, Bank of America's main branch in Chico helped initiate this program to restore run-down housing belonging to low-income and elderly persons. The project continued in 1976, with students from California State University at Chico providing the labor.

San Francisco Victorian Restoration Project

The bank initiated its San Francisco Victorian Restoration Project to help preserve the city's architectural heritage. Under it, the bank has committed $500,000 in loan funds for the purchase and restoration of unoccupied Victorian homes in San Francisco's Western Addition. These homes, previously owned by the San Francisco Redevelopment Agency, were moved from the redevelopment area in the Western Addition to other sites. Since the project's inception in 1975, eight loans totaling $350,000 have been granted to individual borrowers, and rehabilitation work has been completed on seven homes.

Trust for Public Land (TPL)

TPL is a nonprofit organization that uses private-sector capital to buy sites in urban areas. It then resells the land to cities and agencies for public use. This method of acquiring property results in both tax benefits for sellers and cash savings for purchasers. Bank of America has extended a $10 million line of credit to TPL, and during 1976, loaned an appraiser to TPL for one year. The bank was also instrumental in encouraging The National Inner City Land Program to give attention to urban conditions in east Oakland.

Other Housing Activities

Rehabilitation of Abandoned Homes

In 1976, to complement urban restoration programs directed primarily at occupied dwellings, the bank developed a new program to buy and rehabilitate abandoned dwellings and sell them at break-even prices, thus providing more housing for people in lower-income brackets.

Conforming with Federal Reserve regulations, the program—called BA City Improvement and Restoration Program (BACIRP) Corporation—will operate as a subsidiary of BankAmerica Corporation. Program activities initially will focus on rehabilitating critically needed, moderately priced housing in east Oakland.

New Opportunity Home Loan (NOHL) Program

The bank offers special financing for single-family dwellings to low- and moderate-income families through its NOHL Program, to which it has committed funds totaling $250 million. In 1976, loans of about $7.8 million were made to 382 families, bringing the total amount loaned since the program's inception to about $204 million. At year's end, loans outstanding under this program totaled $148.5 million. Almost 12,000 low-income families have received loans under this program.

NOHL Program	Year	Amount Loaned (cumulative, in thousands)
	1972	$143,973
	1973	$166,800
	1974	$180,056
	1975	$196,556
	1976	$204,320

California Housing Finance Agency

The California Housing Finance Agency was established in 1975 to provide funds for housing for low- and moderate-income California borrowers. In 1976, Bank of America was the senior managing underwriter for the agency's first bond offering—Single-Family Mortgage Purchase Bonds—in the amount of $100 million. Funds from the sale were allocated to financial institutions to enable them to provide federally insured Federal Housing Administration and Veterans Administration real estate loans to individual borrowers.

Earlimart Project

To ease the housing problems of rural agricultural and migrant workers, a 46-unit development of single-family, low-income housing was begun in Earlimart, north of Bakersfield, in mid-1976. Each home will have 3 or 4 bedrooms and will cost less than $25,000. Bank of America is providing the financing for both on-site construction and for such off-site improvements as sewers, streets, and curbs.

The project was planned by the Rural Development Corporation (RDC), a federally funded, nonprofit organization. In addition to developing the plans and specifications for such housing in appropriate rural areas, RDC obtains commitments from lenders and local contractors and identifies potential buyers. RDC also assists buyers in completing loan applications and conducts home management training for them.

General Lending and Underwriting Activities

At year-end 1976, 32 percent of the loans in the domestic loan portfolio of Bank of America were real estate loans—34 percent were commercial and industrial loans. Loans to individuals for personal expenditures represented 19 percent of the portfolio, and loans to farmers, 4 percent. The balance—11 percent—was composed of loans to financial institutions, loans for purchasing or carrying securities, and other loans.

Residential Real Estate Loans

In 1976, the bank made conventional single-family real estate loans to more than 21,000 borrowers. These loans totaled more than $950 million. In addition, the bank granted 3,314 VA and FHA loans totaling more than $92 million.

About 600 of the conventional loans were Vari-Rate loans. With these mortgages, first offered by the bank statewide in October 1976, the interest rate on a given loan fluctuates over time with changes in a federal cost-of-money index. Customers may choose either fixed rate or Vari-Rate loans.

The bank extended more than $136 million in home improvement loans to some 18,800 borrowers during the year.

Purchases of Community Capital-Improvement Bonds

The bank is California's largest underwriter of state and local general-obligation and joint-power-authority bonds. In 1976, state and local communities together borrowed more than $1.6 billion through the sale of 205 separate bond issues. The bank, as underwriter, purchased 40 of these bond issues, at a combined value of $432.5 million. Funds obtained from the bond sales were applied to construction or improvement of such basic community facilities as schools, sewer systems, streets and highways, hospitals, and government buildings.

Small Business

Small business is an important avenue of opportunity for individual growth as well as an essential part of the California economy. In addition, small business ownership provides a significant means of access for minority group members wishing to enter the economic mainstream.

Small Business Administration Loans

Bank of America actively cooperates with the U.S. government's Small Business Administration in making term loans to eligible small businesses. Loans are made with the SBA guarantee under provisions of the Small Business Act of 1958 (SBA may guarantee up to 90 percent of a loan or $350,000, whichever is less).

Since the program's inception the bank has loaned $150 million to 2,900 small businesses. Annual totals for the last five years are as follows:

SBA Loans	Year	Number of Loans	Amount Loaned (in thousands)
	1972	536	$22,773
	1973	435	$20,192
	1974	285	$13,182
	1975	335	$16,597
	1976	357	$40,811

These figures include the bank's participation in the SBA's Minority Enterprise lending program, which assists the development of minority-owned businesses. Since this program began in 1968, the bank has loaned $86 million to 1,726 minority-owned businesses—and, of the 357 SBA-guaranteed loans made in 1976, 297 loans totaling more than $17 million were made to these businesses. At year's end, 950 loans of this kind, totaling nearly $38 million, were outstanding.

Regional Urban Development Officers throughout the state work closely with business people, local business development agencies, and the bank's branches to encourage participation in the program.

California Job Creation Program

Bank of America participates with other major banks in three regional Job Creation Corporations:

- Opportunity Through Ownership (OPTO), serving 11 counties in northern California.
- Southern California Job Creation Corporation, serving eight counties in the south.

- San Diego Job Development Corporation, serving San Diego County.

These corporations guarantee loans that encourage formation of minority-owned businesses and generate employment in low-income communities.

To leverage funds provided by the California Job Creation Program, these corporations take the most subordinate role in these financings. By the end of 1976, the three corporations had participated in $9,726,577 in such financing. State funds accounted for $5,625,776 of this total.

Opportunity Capital Corporation (OCC)

A number of corporations and banks formed OCC in 1971 to provide money and management resources for minority entrepreneurs. Bank of America committed $100,000 to initial capitalization. By the end of 1976, OCC had made or committed 45 investments in 25 different companies, for a total of more than $1.7 million.

Minority Purchasing Program

In 1975, the bank instituted its pilot Minority Purchasing Program in the San Francisco Bay Area to ensure that minority-owned enterprises have equal opportunity to serve as suppliers to the bank. The pilot project was directed at the two major areas of the bank's purchasing activities—construction and construction services, and office equipment and supplies.

In February 1976, the office equipment and supplies phase of the program was expanded statewide. By year's end, the bank had placed 271 orders totaling $568,000 with minority vendors for these goods and services. The construction and construction services phase of the program was expanded statewide in July 1976—and by year's end, the bank had placed 34 orders totaling $546,000 with minority contractors.

Small Business Reporters

For those interested in forming or improving the management of their own businesses, the bank publishes the Small Business Reporter series, which now comprises nearly 50 titles. New editions in 1976 included "Gift Stores," "Auto Supply Stores," and "Mobile Home Parks." Previous reports in the series which were updated and expanded in 1976 include "Financing Small Businesses" (complete with a sample loan package), "Steps to Starting a Business," and "Advertising Small Business." During the year the bank distributed over 300,000 copies of these reports. Distribution to the public through the bank's branches accounted for about 55 percent of these copies—the balance was distributed via regular subscription lists, or in response to special requests, to libraries, schools, universities, industry associations, business people, and others.

BANKERS TRUST COMPANY
280 PARK AVENUE, NEW YORK

ALFRED BRITTAIN III, CHAIRMAN OF THE BOARD
TELEPHONE 212 692-7610

MAILING ADDRESS
POST OFFICE BOX 318
CHURCH STREET STATION
NEW YORK, NEW YORK 10015

December 9, 1977

The Honorable Henry S. Reuss
Chairman, House Subcommittee
on the City
3107 House Office Building,
Annex II
Washington, D.C. 20515

Dear Mr. Reuss:

We share your concern over the future of our central cities, as well as your conviction that basic to the problem is an unstable and declining economic base. Companion to our concern for the city is the evident need for a uniform, comprehensive and operative plan for action, combining the efforts of both business and government, and I commend your interest in beginning the task of developing a national urban policy.

Bankers Trust Company has made and continues to reinforce its commitment to the City of New York through a variety of ways. The Bank's demonstrated financial commitment to the City through the purchase of municipal securities, its assistance to the City's educational and cultural centers, and its basic recruitment policies are part of the support given. The Ambassador Program, a Bank sponsored project which trains selected Bank personnel in what this particular City has to offer as a business community, is designed to promote economic growth and development in New York.

The major scope of Bankers Trust Company's operation is located in New York City. The Bank is engaged in full line commercial banking operations, including trust operations, investment management, loans and corporate services. As of March 1, 1977, it had 9,661 employees consisting of professionals, technicians, officials and managers, and a large office and clerical staff numbering 6,116 employees. Approximately 3,600 employees or 37% of the Bank's total labor force are minority group members.

In accordance with its affirmative Action Program, Bankers Trust is continuing its extensive efforts to recruit women and members of minority groups for jobs at all levels of the Bank including officer, professional and managerial categories. Because the major portion of the Bank's operations are concentrated in the inner City, our Community Outreach Program emphasizes extensive contacts with many community organizations and government agencies which provide training and referral of unemployed persons. During 1976, the Bank hired 861 persons for clerical positions; 25% were referred by community and government agencies. The attached identifies those organizations dealing with Bankers Trust Company in providing unemployed applicants.

Presently, the increasing socio-economic needs of the New York City community far out-strip the growth of the financial industry. The current general economic environment is non-conducive to any major expansion at this time. The financial industry depends on the economy in general, the business climate and other variables which determine short, as well as long-term planning and this Bank has no present plans for a major expansion.

Finally, the burden of maintaining the size of government, taxation and the excessive and duplicative regulation are major deterrents to a corporation's expansion planning. If business is to share the responsibility of revitalizing the city and return it to economic viability, government must provide the proper incentives through a re-structured tax system which encourages expansion, a streamlining of regulation and compliance, and increased aid to and refinement of social services. As an illustration, both the corporate community and elected officials of New York City firmly believe that federal assumption of the welfare burden at the earliest possible time would be a significant move forward in solving the problems of the city.

Sincerely,

Alfred Brittain III

(The attachment referred to above is retained in the subcommittee file.)

CHEMICAL NEW YORK CORPORATION

20 Pine Street
New York, N.Y. 10005

Donald C. Platten
Chairman

December 14, 1977

Congressman Henry S. Reuss,
Chairman
Subcommittee on the City Committee
on Banking, Finance and Urban Affairs
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Congressman Reuss:

I am pleased to respond to the letter dated November 14, 1977, from you and your colleagues on the Subcommittee on the City, of the House Committee on Banking, Finance and Urban Affairs.

Chemical New York Corporation and its principal subsidiary, Chemical Bank, have long been involved actively in helping New York City - the City that constitutes Chemical Bank's primary market place - and its people. In 1971, we created an Urban Affairs Department to work toward solving some of the more critical problems of the City, particularly in low income areas. I take pride in enclosing a copy of our brochure entitled "Banking on New York" which describes some of our work.

I sincerely hope that the following responses to the specific inquiries of your November 14th letter will prove helpful to the Committee in considering proposals to aid city economies:

Question 1: Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?

Answer: The Bank's operations are based in Manhattan, in the City of New York. Approximately 12,000 people out of

a total of approximately 16,000 are employed in New York City. Our extensive branch system in the five boroughs of New York City employs 2,500 of those people. Our banking affiliates in such upstate New York cities as Albany, Rochester and Buffalo employ about 250 people. In addition, we have non-banking subsidiaries of Chemical New York Corporation in 18 different states in the United States. For example, Sun America, our consumer finance subsidiary, employs 79 people at its Cleveland headquarters and Galbreath Mortgage Company has all of its 189 people employed in cities such as Columbus, Cincinnati and Pittsburgh.

Question 2: What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?

Answer: Assuming good business conditions, we probably would expand, rather than contract, the number employed. We have no current plans to move any of our operations, as described above, to other locations. We have a substantial investment in our present locations and, unless business conditions and the character of our business were to change significantly, we would continue to employ substantially the same number of people in substantially the same locations.

Question 3: What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?

Answer: Chemical Bank's Employment Department, through its Special Recruitment area, has excellent relationships with national, regional and local groups that seek employment opportunities for the unemployed in the cities, such as:

(1) Opportunities Industrialization Center - We make available clerical job openings for trained and qualified individuals referred by this organization.

(2) Migration Division, Department of Labor, Commonwealth of Puerto Rico - The Bank works very closely with this group in securing the placement of individuals referred by this agency in professional and clerical positions.

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(3) H.I.R.E. - This government-sponsored program is being fully supported by Chemical Bank. A commitment has been made to hire, during a one-year period, 130 unemployed Vietnam veterans, other veterans and disadvantaged individuals.

(4) Smaller Community Groups - The Bank works closely with the Economic Manpower Development Center, Neighborhood Youth Corps and other local groups, making available clerical job opportunities on a regular basis.

We have established a Clerical Training Department which works with many community groups, participating and assisting in the training of the city disadvantaged and unemployed. Specifically, we have an agreement with the Opportunities Industrialization Center in the following areas:

(1) Teller Training - Our Clerical Training Department will teach OIC instructors the techniques and methodology of the Paying and Receiving Teller function. In addition, our facilities, such as training rooms and teaching supplies, are provided to OIC. Thus, OIC instructors utilize Chemical Bank teaching methods and facilities to prepare candidates for entrance into job openings at Chemical Bank and other financial institutions. Successfully trained candidates are screened by our Employment Department and, based upon the availability of job openings, may be hired by the Bank.

(2) Computer Training - A work/study program currently is in the process of being established between Chemical Bank and OIC. This program will give participants an opportunity to obtain practical working knowledge by virtue of their exposure to computer operations at Chemical Bank. Successful candidates will be screened, hired and placed in available job openings or given reference letters as to the substance of the training received to enhance their employability with other organizations.

Question 4: Which existing federal, state or local policies, if any, discourage you from maintaining or locating operations in central cities? What new governmental policies

would encourage you to maintain or locate operations in these areas?

Answer: There are a multitude of factors which can discourage corporations from maintaining or locating operations in cities. One such factor is the burdensome taxation structure of State and local governments. I am referring to income taxes, both corporate and personal, and sales taxes. Without going into specifics, I am sure that it is obvious that multiple taxation and tax surcharges are detrimental to maintaining local operations. Another factor is the lack of adequate public services, such as police protection, transportation and parking. In addition, the cost of some services, utilities, in particular, is prohibitive. In most cases, utilities are quasi-public and the State or local policy in regulating the charges by utility companies has a direct impact on whether a corporation will locate in a given area.

Corporations are concerned with those policies, many of which may have the noblest motives, which require them to expend a great deal of time, money and effort in compliance with recordkeeping and reporting. Very often, it is the policy of local governments to duplicate legislation already adopted at the Federal or State level. This is most prevalent with consumer and anti-discrimination type legislation. I am not questioning the overall need for such legislation but rather the need for such legislation at every level of government. The problem is that the local legislation is not always the same as the Federal or State legislation and, consequently, the corporation ends up with multiple and different reporting requirements. For the sake of compliance, which in turn would help accomplish the purpose of the legislation, what is needed is uniformity.

Many local policies, regulations and ordinances are geared toward preventing abuses by transient merchants dealing in questionable goods and services. Unfortunately, the provisions are broadly drafted and unnecessarily encompass

banking services and operations. The historical nature of banking services warrant special consideration and exclusion from some of the onerous compliance requirements. Without such consideration, it is simpler and less costly not to locate in the area.

Thank you for this opportunity to comment on these important issues.

Very truly yours,

(The brochure referred to entitled "Banking on New York" is retained in the Subcommittee file.)

CITIBANK

Stephen A. Hopkins
Vice President

December 27, 1977

Subcommittee on the City,
Committee on Banking, Finance,
and Urban Affairs
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Sirs:

In response to your recent letter addressed to Mr. Wriston, Citicorp is and plans to continue to be highly committed to the improvement of our central Cities.

Citicorp's corporate headquarters and the bulk of the operations of our major subsidiary, Citibank, N.A. are located in New York City. Citibank is the largest commercial bank in New York. Approximately 17,000 personnel are domiciled in the central city area of New York and around 1,000 more in other cities such as Detroit, Los Angeles, St. Louis and Miami. Citicorp employs some 26,000 people domestically.

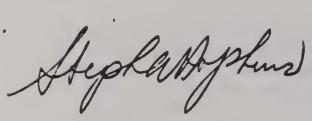
Citicorp has spent in excess of $100 million on its newest building "Citicorp Center" located in the heart of Manhattan. The Center incorporates not only additional office space, but provides a unique shopping "market" and a focal point for the revitalization of the neighborhood. As each shop will be open until late in the evening, new life and vitality will be brought to a neighborhood which previously pretty well closed down after normal business hours.

Currently, as Citicorp's personnel department determines need, recruitment and job-training activities are sponsored. Citibank has many programs aimed at aiding minority groups both financially and in terms of job-training. Enclosed is a copy of our 1976 annual "Citilife" Report which briefly outlines our extensive commitment to New York. Our activities range from making mortgage loans in areas where it would otherwise be difficult to obtain; to anti-crime programs; to support of the cultural and educational institutions. Also enclosed are various news articles and materials as examples of Citicorp's involvement in New York.

The major deterrent for locating in central cities such as New York is the tax burden. When one combines the Federal, State and City tax liability, many businesses find it difficult to justify the expense. There are many ways Congress could ameliorate this. Perhaps the best would be to federalize the cost of welfare. The Federal government should recognize that welfare is a national expense and relieve the City of the crushing expense it now bears in that regard. In this way, the tax burden on the City's residents could be lightened and the City would be made a relatively more attractive place to live and work. Enclosed is a recent position paper on this subject signed by a group of leaders from labor and the financial community.

Please feel free to call upon us to further explain any of the brief comments made in this letter or any of the enclosures.

Very truly yours,



(The copy of the 1976 annual CitiLife report and the position paper regarding federalization of costs of welfare, both referred to above, are retained in the files of the Subcommittee. The news articles referred to are attached.)

A special supplement of Citibank News reporting on Citicorp's Urban Affairs efforts

CITI LIFE

Vol. 6, No. 11 Oct. 20, 1977

Housing in New York City: The Web of Problems That Defy a Simple Solution

This article is CitiLife's *last in its special series on problems in New York City. It was written by Norma Jarboe, Urban Affairs Officer, who has done frequent research on housing during her two years in the Urban Affairs Department. She is currently working on public issues analysis and planning.*

New York is a city of renters. Of 2.8 million households in the five boroughs, about 70% rent rather than own their homes. Many of them live in rental property that is old, needs renovation and is declining in value. This situation causes problems not only for the tenants and landlords, but for the city.

The U.S. Bureau of the Census classifies 6.3% of *all* New York City rental units as dilapidated or lacking in facilities. Of all occupied rental units, around 70% were built before 1947, and more than half of these old apartments are in tenements built before 1929. Although much of New York City's older housing stock is still structurally sound, its continued use will require large capital improvements—such as new plumbing, wiring, heating

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systems and roofing.

Some new housing has been created. From 1970 to 1975 as many as 100,000 new housing units were constructed, and at the same time 220,000 more households moved out of the five boroughs than moved in. Thus, on paper, New York would seem to have about 300,000 more units available than it did in 1970.

But offsetting this figure are the 25,000 to 30,000 units that are being abandoned each year by owners who no longer find them profitable investments. Once abandoned, these units are vandalized, burned out or sealed up. Blocks and blocks of these abandoned, uninhabitable buildings can be found

throughout the five boroughs. They are not only an eyesore, but they threaten whole neighborhoods by undermining the livability of other housing and the economic base for local businesses. All together, approximately 300,000 housing units have been abandoned since 1960.

So even with the new construction and the population decline in the city, the availability of apartments is limited. A Bureau of the Census study in 1975 concluded that less than 3% of all habitable rental units were vacant. A 5% vacancy rate was set by New York State law as the rate indicating enough price competition in rents to allow the removal of the rent controls.

Considering the age and condition of the city's housing stock and the alarming rate of abandonment, it is not surprising that there is a declining value of residential property as a tax source. In the past five years, for apartment houses the total assessed valuation (the base against which the property tax rate is applied) decreased by about $1 billion.

Moreover, delinquent owners owe the city $600 million in back property taxes on residential property. The initial loss in revenue is serious enough, but tax delinquency is also a warning signal: The owner may be planning to abandon a property.

Although the city can foreclose on a property after its owner has not paid taxes on it for more than one year, delinquent properties are often in bad condition and only partly rented. Usually they have been neglected by their owners for more than a year. Such buildings are likely to remain unclaimed by the city for some time.

A strong housing sector needs investment either to build new housing units or renovate old ones. But the investment dollars have not been forthcoming, and the reasons behind this lack of investment are as complex as they are controversial.

Housing investment does not take place in a vacuum. Some factors

that influence it are the income and growth of neighborhoods, the legal and regulatory restrictions that govern housing, and the amount of return an investor can make on his investment.

Before a financial institution can extend loans to investors who wish to renovate or build new housing units, it must be satisfied that the rents obtained through the life of the mortgage will cover the building's operating expenses and repay the mortgage. The investor, in turn, will invest only if the rents collected give a good return on money invested, as well as cover the building's operating expenses.

Investors have been reluctant to enter the New York City housing market recently because they know that for many landlords, revenue from rents has not kept up with operating costs. These costs doubled between 1965 and 1975 for apartment buildings, in part because of higher fuel costs. Rents too low to cover operating costs have resulted from either government restrictions on rent increases or the fact that much of the tenant population simply could not afford to pay more.

About one third of the city's rental units are still under the "rent controls" imposed during the World War II housing shortage. The owners of rent-controlled apartments may increase rents as much as 7½% a year under a complex formula called the Maximum Base Rent, but the rents often remain low because of the low base on which the increases are computed.

Slightly more than another third of all rental units fall under the "rent stabilization" guidelines first

imposed in the 1960s. Among stabilized apartments, the median monthly rent is higher than the rent from controlled apartments—$176 now, compared with $134 in 1975. However, annual increases in stabilized rents have been lower during the past several years than the 7½% maximum allowed under rent control, because of differences between the two formulas.

An industry and labor group, the Coalition to Save New York, asked the Real Estate Research Corporation to conduct a survey of operating costs in rental housing. In 17,000 units surveyed, 30% of the rent-controlled properties and 50% of the stabilized properties were not collecting enough rents to cover their operating costs.

When costs outstrip income, many owners postpone maintenance and repairs on their property and fail to pay real estate taxes. Thinking the property no longer a sound investment, the owner thus seeks to recover some of his equity by cutting costs while still collecting rents. Often, abandonment is the next step.

What are the tenants' economics? The rent paid for an apartment may not relate to the tenant's income or the quality of the apartment. Investors, for example, complain that rent restrictions force them to subsidize tenants when the subsidy is not even based on need.

About 16% of all tenants in rent-

controlled apartments have incomes over $15,000. Some 40% of these higher-income households pay less than 20% of their incomes for rent —less than the 25% that has long been the traditional rule of thumb for how much a family should generally pay for housing costs.

On the other hand, if higher rents could be charged for housing, many tenants in the city could not afford to pay. The city has experienced a loss of jobs, a net loss of the middle class to the suburbs and the migration to the city of low-income residents.

Half of all city renters already pay more than 25% of their incomes for rent. Of these, a third have incomes under $6,000 a year and are actually paying over 35% of their incomes for rent. And these low-income households are clustered in the older and more deteriorated rental units.

The cumbersome administration that goes with rent restrictions is also seen by many as a major obstacle to improving the climate for private investment.

In a study conducted for the Economic Development Council, Professor George Sternlieb of the Center for Urban Policy Research at Rutgers offered several recommendations:

- Only one regulatory mechanism should be used for the entire city. All rent-controlled units would be part of this stabilized system. Landlords now frequently have both rent-controlled and rent-stabilized apartments in the same building and must go to two separate agencies to apply for their rent increases.
- Permissible rent increases for

(continued on page 4)

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all regulated apartments should be the same and be based on the Bureau of Labor Statistics annual study of operating costs. Rent increases for all buildings would be publicly known and easy for both tenant and landlord to ascertain. Landlords would no longer be required to go through the burdensome process of applying for Maximum Base Rent increases.

- All rental units should be deregulated as soon as they are vacant.
- All units now renting for $300 or more should be decontrolled or destabilized immediately.

While the adoption of these recommendations would improve confidence in housing investment, rent regulation is only one reason why landlords are unable to meet their operating costs, let alone the increased debt that would result from improvements to their properties. Many other housing problems and questions would remain.

For example: At what point is a tenant paying too much for housing and therefore entitled to a subsidy? Is 25% of family income an accurate guideline for housing costs? Should the middle as well as the low income family be subsidized? If so, who should provide the subsidy—the federal, state or local government? How should the subsidy be given? Directly to the tenant or through interest subsidies or mortgage insurance?

The problems of housing in New York City are important not only to tenants and landlords, but to everyone interested in the city's well-being. The revitalization of New York City's economy depends in part on refurbishing its housing stock. A large portion of the tax revenues used to pay for public services is derived from residential real estate taxes. If the value of residential real estate declines, so does one of the city's major tax bases.

In addition, housing provides shelter for the diverse labor force needed by industry. New York City will have trouble attracting and retaining the work force it needs if sound, affordable housing is not available. If middle and upper income families choose to live elsewhere, the city will lose the taxpayers needed to maintain an adequate level of public services.

Over and above economic incentives for the city to improve its housing are the human incentives. If decent housing for every family is a social goal, then it is clear that someone must pay the bill. While various subsidy programs have been tried, some difficult questions are clearly still unanswered.

CITICORP

CITI LIFE

Published every four weeks
by Citicorp
Public Affairs Department
399 Park Avenue, N.Y. 10022
Editor: Carol I. Clingan
Citibank Staff Photos
Telephone: 559-0208

A special supplement of Citibank News reporting on Citicorp's Urban Affairs efforts

CITI LIFE

Vol. 6, No. 9 August 25, 1977

Cofounder Judy Kaufman leads a role-playing session.

A Band of Teenagers and Senior Citizens Go to Court To Represent the Interests of Elderly Crime Victims

The two older women sit facing each other. One gently asks the other: "Are you hurt? How much pain do you have? Do you live alone? Have you notified your family? Are you afraid to leave your home? Would you like someone to help with your shopping or your housework?"

The other responds in monosyllables. She acknowledges that she is frightened, but refuses to reveal the names of family members.

The two women are not a real counselor and victim. They are role-playing and are surrounded by other players—eight senior citizens and six youths—and a social worker. Sitting around a conference table in a storefront office located in the Parkchester section of the Bronx, they are learning from such role-playing how to help elderly victims of crime.

The program is run by the East Bronx Council on the Aging, which has just received a grant from Citibank to help set up a task force on crimes against the elderly.

The social worker, Judith Kauf-

(continued on page 2)

Trial monitors check out their instructions on the courthouse steps.

...Court Monitors

(continued from page 1)
man, associate director of the project, and William Arnone, newly appointed director of the Senior Citizen Anti-Crime Network of the New York City Department of the Aging, came up with the idea last year and approached Citibank and other area businesses for help. Citibank was the first bank to respond. Its Parkchester Branch manager, Rocco Mastronardi, attributes the quick response to Citibank's history of involvement in the Parkchester community—where 55% of the branch's depositors are senior citizens.

Two women (*above*) play roles as victim and counselor while Steve Haney and several future volunteers (*below*) listen attentively.

Outside the Parkchester storefront, Citibank's Rocco Mastronardi, Mgr., (*right*) confers with lawyer Steve Haney and Judy Kaufman.

One day's contingent of monitors assembles at the Bronx Supreme Court.

Judy Kaufman runs the training sessions. After the role-playing described earlier—the participants had been told the victim was a recluse—Kaufman asked the others around the table for comments and suggestions. An animated discussion followed. Kaufman noted, for example, that the counselor had not broached the subject of a nursing home. One woman said she didn't think a nursing home should be mentioned during the first session.

Each of the future counselors also had a "Victim Contact Report," listing questions that should be asked of crime victims.

The task force—called "An Attack on Crimes against the Elderly"—has other major components. One is to encourage victims to report crimes, to press charges, and to serve as witnesses in their own behalf in court. Many senior citizens are afraid to take these steps, or they simply don't know how.

During its first year the task force is working in the 43rd Precinct in the Bronx. Daily contact with the precinct keeps the group informed of all crimes against the elderly reported to the precinct. By contacting various social service agencies in the area, the task force also learns of crime victims who have not gone to the police.

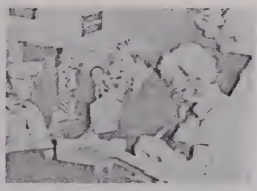
The volunteers not only help crime victims with the legal aspects of a case, but also visit the victim to try to learn if any other help is needed—just as the counselor in the training session asked the "victim" if she wanted help with her marketing or housework. When necessary, the volunteer refers the victim to an appropriate agency for help—and even goes along with her or him. The psychological support is as important as the practical help.

The last component of the program has received the most attention: the "court monitoring" of the trials of defendants charged with crimes against the elderly.

During their first foray into court, for the notorious Timmons case (the beating of an elderly Parkchester woman in October 1976), the band of senior citizens who sat through the whole trial gravely taking notes caused quite a stir. Repeated motions by the defense attorney to bar the monitors from the courtroom were turned down by the judge. Timmons received a maximum sentence.

The group has now monitored a dozen more cases. Four have gone to sentencing so far—all have been maximum sentences. The ultimate purpose, of course, is not vengeance but crime prevention. The task force hopes word will get out that there is a "bad rap" for attacking an older citizen in the 43rd Precinct.

Stephen Haney, an attorney who is director of the task force project, explains its success: "Our presence is felt because we are there from the initial arraignment through the



Haney (*center*) holds a last-minute briefing outside the courtroom.

sentencing. We serve as a symbolic presence for the victim, reminding the court to keep the interests of the victim at heart. When we are present, we are generally acknowledged by the judge. As a result, the victim is not overlooked."

Judy Kaufman points to another major accomplishment of the program: "We wanted to channel the outrage and anger of the community into something constructive."

An unusual aspect of the task force's activities is that young people work alongside the old. Of the one hundred or so volunteers working on the program so far, about twelve are teenagers. Their involvement is particularly important, explains Kaufman, to bridge the generation gap by demonstrating the concern of many teenagers.

This month, when *CitiLife* went to court for a day with the court monitors, we met before the court opened to be briefed by Steve Haney on the case coming up that day—a burglary. Then we went to the courtroom for the calling of the day's calendar. Patience is essential for these monitors—they never know when their case will come up. On this day, for example, they waited until 3:30 in the afternoon, only to hear that the case was adjourned because the defendant's private attorney was not present.

All was not wasted, though. At the end of court day, they were asked to meet with the judge and the Bronx District Attorney, who wanted their reactions to the day in court.

Their success has encouraged Kaufman and Haney to plan for expanding the program into three more precincts next year and into the rest of the Bronx in the third year of the program. Meanwhile, things are hopping in their first, yellow-painted storefront in Parkchester, as old and young residents work together to help elderly crime victims and reduce the total amount of crime in their community.

We Note with Pride

Peter Barbero, VP, of Citibank's Urban Services Department, has been elected President of Staten Island's North Shore Rotary Club. Last year the club raised and donated $12,000 to charities. It also performs a variety of community and charitable services, such as holding career fairs for high school students and providing books for school children in developing countries.

CITICORP

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Promotions Await Two Citibankers Back from Loan

Question: What do Lou Maddaloni, AVP, and Jack Waligora, Mgr., have in common?

Guess 1: They joined Citibank at the same time. No. Maddaloni joined in 1969 as a trainee in the Operating Group. Waligora came four years later to work on institutional cost allocations in the Finance Division.

Guess 2: Their careers crossed paths. No. Maddaloni went on to the Customer Investigation Division, City Income Tax Processing, and Check Reconcilement, and then became an instructor and finally director of Understanding Production Dynamics. Waligora moved to the Investment Management Group (IMG).

Guess 3: They are working together now. No. Maddaloni just moved to the International Banking Group in Mexico City to run a department that deals with Eurodollar loans. Waligora recently began a new assignment as Divisional Planning Officer of the Personal Financial Management Division of the IMG.

Answer: Both Maddaloni and Waligora just completed stints as Citibank executives on loan, and they came back to the bank with promotions via increases in Hay points, which determine the salary ranges for officer jobs, just as job grades determine the ranges for nonofficials.

Citibank Program

Under Citibank's Executive Loan program, staff members can work up to a year for a nonprofit or government agency, with a salary paid by the bank and a guarantee of a job to return to. For the Citibanker, the ideal is what both Maddaloni and Waligora enjoyed: a challenging and useful assignment outside, and return to Citibank with a promotion.

Lou Maddaloni spent his year at Pace University installing the Under-

(continued on page 4)

. . . Loaned Executives

(continued from page 3)
standing Production Dynamics (UPD) course, developed at Citibank, as a permanent part of the Pace curriculum. Designed to teach managers of paper-processing departments how to use production-management concepts for operations, the course was developed by SVP Larry Small at the urging of John Reed, EVP. Reed claimed that the operations of a bank office could be compared with those of a factory, and the success of UPD has proved him right.

The five-day course uses a computer to condense time so that each day becomes a week in the management of an imaginary Funds Transfer Division. After students receive certain information about the division, they are challenged with the goal of getting all the work processed on time, at the lowest cost and with the fewest errors. Students make decisions about how the division will operate: how many workers, for example, to deploy at which jobs. At the end of each day, their decisions are fed into the computer, and the group gets the results the next morning.

Unlike many similar games, the computer doesn't correct wrong decisions. The group must live with the results, and make decisions the next day to compensate for any problems caused.

Lou Maddaloni, AVP

Originally developed for managers in the old Operating Group, the course was so successful it was put to use in the International Banking Group, the National Banking Group and several Citicorp subsidiaries. Then, in its largest expansion, Maddaloni went to install UPD at Pace University. At Pace it gives students an opportunity to learn the practical application of the theories they've previously learned and to simulate the jobs of line supervisors.

Going to "Bed-Sty"

Jack Waligora spent eight months as a loaned executive at the Bedford-Stuyvesant Restoration Corporation, helping it develop a new management-information system.

"Bed-Sty" is a nonprofit corporation, a mammoth community complex with some 250 full-time employees, with an annual budget of about $5 million. It offers mortgages to local residents and economic development loans to area businesses. It manages about 1,000 apartment units and operates its own construction company. It runs a local theater, and manages a shopping center, which it built. It also manages local food franchises, and is now developing a community health center.

Bed-Sty recently grew so fast and moved in so many directions that its management-reporting systems just couldn't keep pace. Recognizing the problem, Franklin Thomas, a member of Citicorp's Board of Directors and then president of Bed-Sty, asked Citibank for help.

Jack Waligora took on the assignment because, he told *CitiLife:* "I really wanted to work for the community. I could see a definite need, and this was a chance to help out—at least in a small way."

Waligora is satisfied with what he accomplished. He and his team were able to cut Bed-Sty's monthly report-processing time to four weeks after the end of the month, instead of the previous eight to twelve weeks. They also revised cost allocations so that costs are now being charged at the correct time and to the correct division.

Jack Waligora, Mgr.

Waligora was tempted to stay on at Bed-Sty for the next phase of the project—installation of a long-range information system. But his new job in the IMG enticed him back to Citibank. He expects his experience as a loaned executive to be valuable to him for a long time to come. Learning to deal with a large variety of different personalities, backgrounds and problems can only stand a banker in good stead, he says.

Lou Maddaloni is equally enthusiastic about his experience as a Citibank loaned executive, and he shares Waligora's assessment of the value of working in a completely different environment with a variety of people. In addition, he pointed out to *Citilife:* "Just being chosen by the bank to be a loaned executive is an honor, because it indicates that the bank has confidence in you to represent it. You *are* Citibank to the people you work with, and their image of Citibank comes from how you do your job."

A special supplement of Citibank News reporting on Citicorp's Urban Affairs efforts

CITI LIFE

Vol. 6, No. 8 July 28, 1977

Citibank Offers Money and Expertise To Help New Yorkers with Uncollected Small Claims Judgments

"The citadel of the private individual" is how Citibank President William I. Spencer described New York City's Small Claims Court. He was addressing a press conference to announce the opening of the Small Claims Action Center.

The Small Claims Court allows individuals to file claims for a small fee—without the expense of a lawyer—and to appear in court outside of working hours.

There's just one catch. Of the 70,000 claims brought each year in New York City, several thousand people who win their cases cannot collect the judgment. And because 65% of these claims involve consumer matters, a lot of ordinary individuals are losing out.

It is exactly these consumers whom the new Citibank-funded Small Claims Action Center will help. Citibank's Consumer Affairs Consultant Bess Myerson and Citibank attorney Duncan MacDonald, AVP, had been looking for a way to lend the bank's "collection expertise" to people with uncollected small claims. The center is their brainchild. Although Citibank is contributing $35,000 to get the center started, Spencer said, the bank considers the sharing of its experience in collecting money to be its major contribution.

At the press conference in the Civil Court Building, Spencer appeared with Justice Edward Thompson, Deputy City Administrative Judge, and Donald Ross, Director of the New York Public Interest Research Group (NYPIRG). NYPIRG was chosen to set up the center because of a study it had done of the Small Claims Court.

The occasion inspired Spencer to quip, "For us this is really an auspicious occasion. It is the first time representatives of a very vigorous consumer organization and a major business have appeared together in a courtroom on the same side!"

Persons who win a judgment in Small Claims Court can go to a sheriff or city marshall to collect—but only if they can tell him what

(continued on page 4)

At the Small Claims Action Center, Director Rosenberg takes a call while interns Posilkin and Ronin work on other cases.

New Course Teaches Senior Citizens To Teach Other Senior Citizens about Consumer Protection

Scenes from "Seniors Teaching Seniors" workshops. With the students is (*top left*) Suzanne Wilcox. (Photos by Sy Bram)

Only 200 people took the course, but another 5,000 or more will get the credit.

That multiplier effect was the heart of the concept for "Seniors Teaching Seniors," a course in consumer matters run by the New York State Legislative Institute (NYSLI), a nonprofit policy research and education group, and New York City Community College.

The 200 senior citizens who took the course were recruited from senior citizen centers and other groups around the state. Sponsored by their organizations, of which they were leaders, they agreed to go back to their groups after the course and teach what they had learned to their fellow senior citizens. And if each now teaches only 25 others, 5,000 people will learn what the course offers.

Senior citizens form a special consumer group because many of them must live on fixed incomes and because they are eligible for certain housing and federal benefits.

The idea of tailoring a consumer course to the special needs of older people came from Suzanne Wilcox, Assistant Director of NYSLI, who convinced the Department of Health, Education and Welfare to fund it. When HEW's money ran out, Citibank donated funds to print the course manual, a huge, detailed guide to all the course topics. Wilcox hopes to publish it for the use of senior citizens all over the country.

Before developing the curriculum, NYSLI did a survey of senior citizens. As a result, there were 12 two-and-a-half-hour workshops devoted to different topics, such as health care, energy and the legal rights of consumers. Within these subjects, discussion ranged from matters of general consumer interest, like tenants' rights, to special subjects for senior citizens such as basic nutritional needs, nursing homes, and tax problems of older Americans.

The course was given eight times as a pilot experiment and ran for 12 weeks.

Wilcox told *CitiLife* that since the course was completed she has been "absolutely amazed" at what the senior students have done. Not only have the graduates gone back to teach the course to their groups, but they've come up with ideas of their own.

"Both the Binghamton and the Buffalo students decided to continue as groups, setting up more workshops and getting guest speakers. One of the Saratoga seniors has set up a whole program in her county. And all the graduates are now considered consumer experts in their communities, and are deluged with questions—even from young people!"

The students are clearly as delighted as Wilcox is with the pilot courses. At ceremonies marking their graduation—each received a handsome certificate—they were enthusiastic about their experience. "This certificate means more to me than my dental degree from N.Y.U.," one Albany graduate insisted.

Since such a success obviously shouldn't stop in New York, Suzanne Wilcox has another idea: to expand the course into 12 other states. She's persuaded HEW to pay for that, too.

CITICORP

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Education in New York City in a Crisis State; Nearly Half of Students Who Take Literacy Test Fail

CitiLife's fifth article in a series on New York City was written by Danella Schiffer, AVP, of the Education and Research Division of Citibank's Personnel Relations Department. A Citibank expert in public education, Schiffer received her Ph.D. in Industrial/Organizational Psychology from New York University.

The quality of public education in New York City has clearly been deteriorating over the past decade. One striking measure of deterioration is the literacy level of the city's students. Last year, of the approximately 25,000 New York City public school children who took the statewide basic competency test in writing skills, 45% failed. Another 23% passed only marginally. In other words, more than two-thirds of the students who took the test can be classified as functionally illiterate. Clearly, a student without the basic tools of reading and writing will have enormous difficulties learning other subjects.

Many reasons have been advanced for this serious state of affairs, and even experts dispute over causes. The factors most often said to be responsible include the socioeconomic status of the students, family environment, the effect of television on learning, the teaching techniques used in the New York schools, and the demoralization of teachers. But three other often-mentioned factors can be more easily measured and controlled, and so they are the most easily changed and improved: the standards used in the city's schools, the allocation of resources available for education, and the recent cutbacks in educational services.

What Are the Standards?

Since 1966, New York City's Board of Education has required only an eighth-grade reading skill for graduation from high school. It is said, however, that many high school graduates lack even that. The problem has been particularly evident at the City University and other places of higher education, where many students begin their freshman year unable to read or write simple English. Thus one reason for widespread illiteracy among high school graduates is the literacy requirement, set very low and often not enforced.

Where the Money Goes

Another reason has to do with wasteful spending of money allocated to public education. Many educational experts believe that spending more money on actual teaching would improve the overall quality of public education. But where the additional money should come from is a complex and controversial issue.

In January 1976 the Educational Priorities Panel (EPP) was founded to study that problem. This coalition of 18 educational, civic and good-government organizations in the city contends that the Board of Education's *present* budget of $2.8 billion is sufficient to teach the 1.1 million pupils. But, as the *New York Post* recently pointed out: "New York City's Board of Education will spend $1.7 billion—60 percent of its $2.8 billion budget—just to support the scores of offices, departments and divisions within the massive school bureaucracy."

In other words, *only 40%* of the total education budget goes to teach children. The rest goes for overhead, administration and support functions. EPP carefully analyzed Board of Education spending practices and determined that $100 million to $125 million could be transferred from noninstructional to direct educational purposes—without loss of needed services.

For example, the Board of Education's 1977–78 budget request included 70 architectural positions, at an annual cost in salaries of $1.5 million. But few new schools are being built. On the other hand, the Center for Bilingual Education, which serves all bilingual public school students and all who are not native English speakers, has a budget of only $500,000 and a staff of only 29.

Some other places to trim, EPP recommends, are the "incredibly wasteful" overspending on the school lunch program, custodial services, pupil transportation, and the leasing of extra space when there is unused space in existing schools. All these support services cost New York City much more than other cities—for the same or even inferior results.

Essentially, then, EPP maintains that with a well-though-out reallocation of funds already available, the Board of Education could restore previous educational services and expand high-priority services such as the bilingual program, programs for the handicapped, and remedial reading.

Cutbacks in Education

A serious consequence of New York City's recent fiscal crisis has been the cutbacks in educational personnel and programs. In June 1975 there were 72,959 teachers, supervisors, guidance counselors and administrators in the public schools. Just 18 months later, in December 1976, only 57,038 were left, a reduction in personnel of approximately 22%.

Fewer Teachers

In the early 1970s, the teacher/pupil ratio was 1 to 20. Today it is 1 to 25. Classes often have 40 or more students. Along with cuts in staff went many elective course offerings, such as foreign languages, business education, art and music, which enrich the curriculum and add to college or vocational preparation.

The cuts have naturally aggra-

(continued on page 4)

...Education

(continued from page 3)
vated the crisis in the schools. Larger classes and fewer course options shortchange the students. Moreover, the existing misdirection of educational funds was increased by budget cuts—almost all came from the educational side, while the support services, according to EPP, went "virtually unscathed."

Some restoration in personnel and course offerings has since been made, but significant shortages still exist.

Effect on the Business Community

Business has a stake in good public education. In a 1970 study, "New York City's Clerical Manpower Requirements and Problems," the Economic Development Council reported: "In the opinion of the responding firms, the present state of public education in New York City is the most important factor hampering business in its effort to employ qualified clerical help."

The situation seven years later is even more serious. Some experts say that the inadequate communication and working skills of young people coming out of New York City's high schools are a major contributing factor in the exodus of industry from the city. As the Economic Development Council's Chairman of the Board wrote to chief executives of 89 major New York City industries: There is "the problem of a serious mismatch between the output of New York's school system and the manpower needs of the city's economy. It is vital that this gap be closed. It contributes to the outward flow of jobs, the growing welfare rolls, and the dangerous increase in youth unemployment, all of which exert a heavily adverse impact on the city's economic development."

In short, a critical gap exists between the qualifications of high school graduates and the skills they need to make their way in the world.

Judge Thompson and Citibank President Spencer answer questions at the press conference announcing the opening of the Small Claims Action Center.

...Small Claims

(continued from page 1)
assets the defendant has and where to find them. Without this information, the sheriff or marshall is powerless. Investigating the defendant and going back to court require professional help—and for small judgments the fee may be more than the collection.

Triple Damages

That's where the Small Claims Action Center will come in. For no fee, it will try to collect judgments for individuals, using many methods available, from sending a letter to the defendant to suing for triple damages when it finds a defendant who has three outstanding judgments against him or her. Citibank attorneys will lend help and advice.

The center is being run by attorney Jane Rosenberg, who has a master's degree from the Newhouse School of Public Communication, as well as a law degree from Syracuse University. Her dual background in law and communications is ideal for the center, which also hopes to educate consumers and work for reform of the small claims process. Assisting Rosenberg are two law students—Mitch Posilkin and Andrea Ronin.

At the time of the press conference in late June, Rosenberg said she intended to begin work by sending letters to 4000 or more persons listed in court records as having recent unsatisfied judgments.

But before she and her interns could mail even one letter, the four phones at their Beekman Street office started ringing—and ringing—and ringing. People who had learned of the center in the newspapers or on TV or radio were calling the center—a thousand called within the first 10 days—or were showing up in person to ask for help.

Calls came even from Connecticut, New Jersey and Massachusetts—"it's such a pervasive problem," says Rosenberg. Some people were owed as little as $40, others as much as $1,000.

The main complaints had to do with accidents involving uninsured motorists, problems with car repairs and home improvements, purchases of defective merchandise, cash deposits for goods or services that were never delivered, and unreturned apartment security deposits.

To Call the Center

Rosenberg hopes to find volunteers who will help answer the phones so she and her assistants can get on with the task—bigger than they ever anticipated—of recovering judgments. Citibankers who want to volunteer, or who have uncollected small claims judgments of their own, are invited to call the center at 349-2995.

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CITI LIFE

Vol. 6, No. 6 June 2, 1977

Two Together Provides a Place Where Youngsters In Trouble Can Overcome Their Reading Difficulties

It began when Dorothy Silverman, a volunteer in the Family Court, noticed how many youthful offenders had difficulty in school. There was little help available for such children, so Silverman founded Two Together in 1971. (Today she heads its Board of Trustees.)

Its purpose was to provide reading help to youngsters with a learning problem. Its method—one-on-one tutoring. Now in its seventh year, Two Together has grown so that it helps about 90 youngsters a year. They are referred by agencies in the juvenile justice system—the Family Court and the Department of Probation—and also by schools and social agencies.

Since the city's fiscal crisis curtailed the Board of Education's Special Services, Two Together's assistance has become even more vital.

Volunteer Tutors

The tutoring is done by volunteers. They are trained by the organization, and a professional reading specialist does a diagnostic study of each child and prepares an individualized program for the tutor to follow.

Citibank has several relationships with Two Together. It makes an annual contribution—$1,500 in 1977. Street Banking's Norman Hunte, AVP, has served on Two Together's Board of Trustees for three years. And numerous other Citibankers have served as tutors. Four staffers are now tutoring youngsters: George von Frank, AVP, of Cashiers; and Sonia Carbonell, Cathy Sweeney and Scott James, Account Officer, of the World Corporation Group.

Citibanker Pitches In

Von Frank also helps Two Together by putting out its newsletter and annual report.

Two Together's outgoing Executive Director, Philip Fennell, has nothing but praise for all the Citibank volunteers. "And Norm Hunte has been with us since 1973," he says. "He's been a tremendous help to us."

Hunte's own praise is for the work Two Together is doing. It is successful because it goes beyond the tutorial relationship, he says. "You develop a very special relationship with the particular youngster—an understanding, a bond. You become somebody for him or her to look up to."

Citibankers Marvin Crepea, Mgr., (*far left*) and Norm Hunte, AVP, (*far right*) present the bank's 1977 contribution to Two Together's Dorothy Silverman and Philip Fennell.

The "Mayor" of Chinatown, Yut Yu Yee, and Mary Wing, AM, of Citibank's Chinatown branch, hold an about-to-be-planted gingko tree. Holding the shovel is S. M. Fung, Chairman of the Chinatown Merchants Association. Behind Fung is Harry Greenwood, Mgr., of Citibank's Urban Services. Next to Wing are Parks Commissioner Martin Lang and VP Chris Gilson of Citibank's Lower Manhattan Region.

Citibank Adds a Touch of Beauty to the Areas Outside Branches By Planting Trees in All Five Boroughs

A tree grows in Brooklyn—and in Manhattan, Staten Island, Queens and the Bronx. In fact, 59 new trees are growing in New York City, thanks to a neighborhood beautification program just launched by Urban Services.

The trees—gingkos, Norway maples, honey locusts and gallery pears, to name a few—were planted outside Citibank branches. Each exact location and tree type were selected by a horticulturalist from the city's Parks and Recreation Department. The horticulturalist visited each branch with an Urban Services representative and made selections based on growing conditions at the site and the other trees already in the area.

"An early sign of renewed vitality in a neighborhood is the planting of street trees and the improvement of street amenities," says Citibank VP Peter Barbero, who is in charge of the project. "We feel the bank should innovate by planting trees in front of our own branches."

The Parks Department was delighted when Citibank proposed its tree-planting program. New York City loses 10,000 trees annually to disease, vandalism, weather and other circumstances, and budget cuts have halted the replanting that used to take place.

At a ceremonial tree planting this spring in Manhattan's Chinatown, Parks Commissioner Martin Lang expressed his hope that the program would be "an inspiration to others to help replace one of the city's most valuable assets—its trees."

Citibank customers have responded enthusiastically. The managing supervisor of the branch at Avenue J and East 13th Street in Brooklyn, Vincent Cervone, reports, "It's the only tree on the block. And the Midwood Board of Trade has specially praised Citibank for its concern for the community."

City's Managerial System Needs

Every four years, New Yorkers elect a mayor to "run" the city. The mayor is ultimately responsible for establishing policies and seeing to their implementation. But when a city has more than a quarter of a million employees who perform countless functions and provide myriad services, one person cannot oversee it all. So there are commissioners, managers and supervisors who run the departments, agencies and bureaus of the city government. These people make up what's called the management of the city. Much of the responsibility for making the city tick rests with these managers.

Good management gets the most out of employees and available resources and also provides an accounting of performance—that is, gives the public an understanding of what it is doing. To be effective, management has to have the authority to make decisions, to recruit and promote talented people who will work for the city. There has to be a clear chain of command for reporting on what's happening and a clear system for rewarding both the managers and the people who work under them. By these standards, how well has the management of New York City worked?

The Shinn Report

One answer comes from a study, completed in 1976, by the Mayor's Management Advisory Board. This group of business and public leaders analyzed the city's personnel system and found it ineffective. Its report (called the Shinn report after the chairman of the board) identified specific problems that prevent the city's management from being fully effective, and suggested possible solutions.

One set of problems identified in the study arises because there is no clear identification of who is a manager in the city, there's no systematic way to recruit managers, or to evaluate them, and no equitable way of giving them salary increases.

Much Improvement, Shinn Study Finds; EDC Recommends Three New Deputy Mayors

Thus many managers feel they would be better off as members of a union because they would get negotiated salary increases and better job security. In some cases, managers have found they were supervising employees whose salaries were higher than their own, because of the city's slowness in adjusting management pay levels. Recently a group of Fire Department officers moved voluntarily from management jobs back to their earlier status because their union benefits were better.

The Shinn report recommended that the definition of manager be clarified, and a Management Development Program be established to recruit and train managers. This would include courses and a series of rotating assignments to train people for city managerial jobs. Also needed, the Shinn report found, is a new system of salary increases for managers, based on performance.

This article is part of a continuing series on public issues confronting New Yorkers. Last month Roland Delfausse, Vice President, Economic Development Council, explored some aspects of the organization of New York City. In this CitiLife *he takes up the related problem of management and its ability to run the city effectively.*

The Shinn report advised that managers be given more control over their staffs. This means power to set standards of performance, control the organization of work, and power to evaluate their subordinates and reward their performance.

Right now, two personnel systems actually coexist. One, the civil service system, sets forth extensive rules and regulations about employee selection, advancement, tenure and rights. Civil service is based on the concept that a recruitment, testing, selection and appointment process based on competitive examinations open to all will attract the best available people and will be free of political favoritism.

The other personnel system consists of the terms and conditions of employment negotiated with the city's unions over the years through the collective bargaining process. Over time, considerable overlap has developed between the two systems. For instance, there are two sets of grievance procedure for investigating and resolving a conflict between a manager and an employee.

The Shinn report recommends several basic changes in this dual system. One is to streamline it, reducing the overlap and redundancy. Another is to consolidate the number of bargaining units with which the city negotiates contracts. Currently, this number is 122. (In contrast, the State of New York has only 6.) Third, the report states that both the civil service system and the collective bargaining agreements reached in the past impose too many restrictions on the managers' proper functions.

For example, the exam system should be modified, the report finds, because it does not always give an accurate indication of aptitude for a job, and it doesn't leave a manager any discretion about whom to hire. The board would prefer new tests more related to the skills needed for a specific job, and a procedure that gives preference to people already in line for that job.

The report also recommends an effort to negotiate changes in the union contracts that would eliminate provisions restricting a manager's right to control the work and assign his staff.

All these proposals stem from the view that an underlying problem facing the city is to find a way to attract and hold competent managers, and provide them with the authority and incentives to direct day-to-day operations efficiently. The Shinn report recommendations would start to streamline the city's personnel system and create an effective management service.

But for the long run, the development of better city management requires change in the organization of the mayor's office. We cannot expect one person to direct the operations of a complex city, to take leadership in developing new policy, and at the same time to fulfill the countless ceremonial functions lodged in the office of mayor. No one would attempt to run a $13 billion business the way New York City is currently set up. It is unfair to expect the mayor to do so.

Three Deputy Mayors

The Economic Development Council has proposed three new, permanent deputy mayor positions. One deputy mayor would take charge of planning, one would handle intergovernmental relations, one would manage administration.

In effect, this third deputy mayor would be a chief operating executive, like the president of a corporation. All operating functions would be brought together under this deputy mayor—including the Bureau of the Budget, the Office of Labor Relations and the Department of Personnel.

This official would be directly responsible for organization, productivity and performance review in all of the city's many administrations, departments, agencies, bureaus and boards. In labor relations, the deputy mayor would be responsible for setting standards and for negotiations, together with the department head. He or she would also analyze the fiscal impact of collective bargaining agreements and make their terms public—a procedure required by the new charter.

But while this deputy mayor could oversee the operations of the city, and an improved managerial service could help to carry out policies down the line, someone else must ultimately weigh the city's total needs and determine how the city's resources will be allocated. That "buck" will still stop on the desk of the mayor.

A New Look Is Coming to Manhattan Apartment Building Where LaGuardia Once Lived

Fiorello LaGuardia lived there before he moved into Gracie Mansion. Then the once-proud apartment building fell on hard times. Now it will be the first building in New York City to be rehabilitated under the city's new Participation Loan Program.

The 53-unit building faces Central Park at 109th Street, and its rehabilitation brings together three old partners—Citicorp, the New York Bank for Savings and the Settlement Housing Fund. The City of New York is a new partner.

The Settlement Housing Fund bought 1274 Fifth Avenue with the help of seed money from Citicorp's housing subsidiary, Citicorp Community Development (CCD), and the New York Bank for Savings in 1974. One of the largest citywide nonprofit sponsors of low- and middle-income housing, the Fund worked with an active tenants' association to arrange for rehabilitation of the structurally sound building.

Now CCD is providing the construction loan of nearly $800,000, and the permanent financing will come from a combination of money lent by the New York Bank for Savings and the City of New York, which is using Federal Community Development Funds for various housing and subway projects.

Under the city's new Participation Loan Program, public money is lent at 1% and private money at the market interest rate. This blended financing results in an overall rate that means affordable rents for low- and middle-income families. Also, the rehabilitation costs only about one-fifth as much as would new construction.

The rehabilitation will be completed within a year and no tenant will be forced to relocate during or after the work. The building will become a cooperative during the construction, under a plan being developed by the Settlement Housing Fund with the tenants. The purchase price will be modest, and there's a downpayment of only about $150 per room. So a year from now, the tenants of 1274 Fifth Avenue will own a lovely renovated building.

In the paint-peeled lobby of 1274 Fifth Avenue, Mayor Beame joins Alan Jackson, head of the tenants' association, to announce the coming renovation of the building. Thomas Appleby, the city's Housing and Development Administrator, is partly hidden behind Jackson.

A ceremony in the lobby of 1274 Fifth Avenue opened the city's Participation Loan Program. CCD's Charles Forsberg, VP, Frank Mellone, AVP, and Susan Kargman, Account Officer, represented Citicorp.

Mayor Beame came to the home of his predecessor, quipping that he and the 5'2" LaGuardia "saw eye to eye in more ways than one," because they were both apartment dwellers.

On a more serious note, the Mayor said he was grateful to Citibank and the other groups that made the new project possible. He particularly complimented the banks for willingness to make rehabilitation loans at a time when there has been little new investment by banks in older neighborhoods.

"I am enthusiastic about the renovation of 1274 Fifth Avenue," he said. "It is my hope it will spur confidence, interest and additional investment in rehabilitation."

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December 13, 1977

The Honorable Henry S. Reuss, Chairman
Subcommittee on the City
Committee on Banking, Finance and
Urban Affairs of the Ninety-fifth Congress
United States House of Representatives
604 House Office Building Annex 1
Washington, D.C. 20515

HENRY S. REUSS, M.C.

Dear Mr. Chairman and Distinguished Members:

The Citizens and Southern National Bank is happy to share with you the following information in response to your request of November 14, 1977. Because the Bank has locations in several Georgia municipalities which may be construed to have "central cities", a response is given for each such city. C&S localities without a discernible "central city" are not mentioned. It should also be noted that more than two-thirds of the C&S staff is located in the metropolitan Atlanta area.

Atlanta

The Atlanta bank maintains fifteen inner city locations with a total of 1916 employees. The total employment of the Atlanta bank is 3650 employees.

There are presently no plans either to expand or contract operations at any of these locations in the next five years. Any changes would be in response to changed market conditions.

In co-operation with the Atlanta Chamber of Commerce the C&S Bank (and other local companies) has participated in the "School Without Walls" program. Essentially, this program involves on-the-job training for a number of high school aged youth (more than 1000 to this point) who are encouraged to seek employment with C&S following graduation.

An active recruiting program is carried out at Atlanta University and at Georgia State University, both inner city schools. Additionally, C&S works closely through the Data Processing and Training Center of the Atlanta Urban League to recruit inner city unemployed.

C&S plans to continue special basic skills training during 1978. The program is limited to employees of the Bank and will offer training in basic math, number skills, English, typing, dictaphone, reading with comprehension, and verbal communications skills. Participants are selected through the Bank's job posting program and through career counseling. Training is offered during regular work hours.

In co-operation with the Atlanta Public Schools, C&S is sponsoring a teller training school for Spanish speaking Spanish-Americans, many of whom are inner city residents.

We know of no specific governmental policies which would either encourage or discourage locations in the central area of Atlanta. The provision of tax incentives and the support of inner city job training programs would be an aid to inner city operations. Because of the diverse needs of various market areas, however, any very generalized solution to inner city unemployment would probably be inappropriate and ineffective.

Savannah

The Savannah bank maintains four locations in inner city areas. These facilities employ 138 people of a total C&S Savannah staff of 320.

There are no present plans either to expand or contract operations in the central city during the next five years. Any change would be dictated by a change in market conditions.

There are presently no specific programs in this area either to hire the unemployed from the inner city or to provide job training.

There are no specific governmental regulations which would either encourage or discourage location at an inner city location.

Augusta

The Augusta bank maintains five inner city locations employing a total of 215 people out of a total work force of 277.

No new facilities are planned for the inner city over the next five years though one of the offices was doubled in size in 1970, another rebuilt in 1976, and one is presently being remodeled to substantially increase its service capacity.

In an effort to recruit inner city unemployed, C&S Augusta has worked closely with the Augusta Opportunities Industrialization Center, the State Employment Service, the Summer Jobs Program, and the Alliance of Businessmen. In co-operation with CETA, Augusta Tech, and the American Institute of Banking a program is being developed to train the unemployed for careers in banking. This program would include three months on-the-job training after which the individual would be eligible for employment.

There are no specific governmental regulations which would either encourage or discourage location at an inner city location.

Macon

The Macon bank maintains three inner city locations employing 227 people out of a total work force of 325.

There are presently no plans to either expand or contract operations at any of these locations in the next five years. Any changes would be in response to changed market conditions.

The Macon bank does not presently have programs either for the training or recruitment of the inner city unemployed.

There are no specific governmental regulations which would either encourage or discourage location at an inner city location.

Athens

The Athens bank maintains one inner city office employing 134 people out of a total work force of 180.

Any expansion within the next five years is expected to take place in the downtown main office because of the space availability in that location.

Placement of job openings with the local Georgia State Employment office, active solicitation of employees through the Athens Technical School, and active support of the Athens Opportunities Industrialization Center (for underprivileged people) all are efforts to recruit the inner city unemployed at the Athens bank.

There are no specific governmental regulations which would either encourage or discourage location at an inner city location.

Valdosta

The Valdosta bank maintains one inner city office employing 86 people out of a total work force of 114.

There are no present plans either to expand or contract operations in the central city during the next five years. Any change would be dictated by a change in market conditions.

Valdosta does not presently have programs either to recruit or train the inner city unemployed.

There are no specific governmental regulations which would either encourage or discourage location at an inner city location.

Albany

The Albany bank maintains one inner city office employing 150 people out of a total work force of 182.

There are tentative plans for a new operations center. Lack of available land in the inner city will probably dictate that this facility be built outside the inner city area.

Albany does not presently have programs either to recruit or train the inner city unemployed.

There are no specific governmental regulations which would either encourage or discourage location at an inner city location.

I hope this response serves the needs of your committee, but if you should need anything further, do not hesitate to give me a call.

Sincerely,

Richard L. Kattel

FIDELCOR, Inc. Broad & Walnut Streets, Philadelphia, Pennsylvania 19109 215 985-6000

Samuel H. Ballam, Jr. - President 985-8336

December 1, 1977

Subcommittee on the City
Committee on Banking, Finance and
Urban Affairs
U.S. House of Representatives
604 House Office Building Annex 1
Washington, D.C. 20515

Gentlemen:

This is in response to your letter of November 14 expressing concern about the plight of America's major central cities.

FIDELCOR

Our corporation is a one-bank holding company whose principal subsidiary is the nation's 45th largest commercial bank, The Fidelity Bank. We presently employ some 3,200 persons and maintain 80 domestic offices in Philadelphia and the six surrounding Pennsylvania counties as well as offices in New York, Los Angeles and overseas.

Our main banking office and executive offices are located in the Fidelity Building, Broad and Walnut Streets, in downtown Philadelphia. Some 2,500 of our people, both in the bank and the holding company, work either in our main banking office, the downtown offices of our branches and subsidiaries and in city neighborhood branches. Unquestionably, our prosperity and growth over the last century have reflected similar patterns of prosperity and growth during that time in the Greater Philadelphia area. We now find our traditional market very heavily banked and beset with demographic and economic problems which suggest little or no growth over the next five years. Therefore, we have no expansion plans for this period.

We should also note that the year 1977 saw the first in-house staff reduction in the modern history of this company. This reduction was made largely to control our operating costs but the decision resulted from our judgment that the Philadelphia market is flat with few prospects for growth in the near term.

We obtain trainees and other members of our staff from the inner city. We have training programs of our own. In addition, we cooperate with local high schools and community-sponsored vocational training programs, particularly in the inner city, employing students who work after school and during the summer. Some of these people join our company on a permanent basis upon graduation or completion of their vocational training. The number of these young people we can absorb into our organization is constrained by our size.

We are by historical circumstance a Philadelphia company. As a bank under law, we have become principally a Pennsylvania company. We cannot relocate. Nor would we wish to even if we could.

We will speak therefore to those governmental policies as well as emerging economic circumstances that impact most adversely our region and our customers in this region. Because of the age of the city and the demands on both the city and the state for a broad level of public services, we are faced with taxes that are too high in relation to the quality of the services rendered. These taxes are a burden which makes the city and the state unattractive to industries planning to expand or to relocate. Our more immediate priority is to reverse the erosion of both Philadelphia's and Pennsylvania's industrial and commercial base. We must make sure those businesses and industries already here, stay here. However, some Federal regulation and enforcement is counter productive to this effort. As examples, let me offer OSHA and anti-pollution enforcement regulations which strike more heavily at the nation's older cities and states in which naturally one finds an older industrial plant. Additionally, some Federal, State and municipal pay scales have grown disproportionately to similar pay scales in the private sector whose taxes support these government employees.

These problems are being compounded by the slow and methodical withdrawal of Federal dollars from cities such as Philadelphia. Much has been written and said by others regarding this matter. Let me only say that we support all attempts by the Congress to restore equity to the regional distribution of the spending power of the Federal dollar.

The growing cost of government, both in direct and indirect terms, and the anti-business sentiment frequently ascribed to legislators and bureaucrats are among the greatest deterrents to business, industry and the private sector generally. In the long run the private sector

still provides the most effective and efficient route to high employment and general prosperity available to us in the nation.

Let me thank you for your interest in our views.

Very truly yours,

S. G. Ballam Jr.

President

FIRST BANK SYSTEM, INC.
1400 FIRST NATIONAL BANK BLDG., MINNEAPOLIS, MINNESOTA 55480, (612) 370 5111

DONALD R. GRANGAARD
Chairman
Chief Executive Officer

December 7, 1977

The Honorable Henry S. Reuss
Chairman
Subcommittee on the City
Committee on Banking, Finance and Urban Affairs
U. S. House of Representatives
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Congressman Reuss:

This letter is in reply to that of your subcommittee of November 14, 1977, addressing the plight of our central cities and their unemployed.

The questions raised in your letter are only somewhat applicable to the banking industry, given the regulatory and legislative limitations on bank locations. In the five state region which our company serves, center city problems are most identifiable in the Twin Cities of Minneapolis and St. Paul in Minnesota, and in Milwaukee, Wisconsin; the establishment of new banking facilities in both states is limited by the restrictions of present laws.

In spite of such limitations, First Bank System has been able to publicly demonstrate its concern for the economically disadvantaged areas of our central cities. A case in point is our charter of a new bank in the near north side of Minneapolis following the riots in the summer of 1967, during which the commercial enterprises in that minority area of our city were burned out. First Bank System established that bank knowing full well that its opportunities for profitability were marginal at best. The new bank and its president have served as a catalyst for extensive redevelopment of that area, including a new neighborhood shopping center to which our company committed $200,000 in seed money. The enclosed feature article on this redevelopment, which appeared in the Minneapolis press just this past Saturday, should be of timely interest to you and your subcommittee. We are currently in the process of attempting to facilitate a similar shopping center development on Franklin Avenue, an area of a high degree of concentration of the native American population of Minneapolis.

To specifically respond to the four questions which you posed in your letter:

1. There are 12 First Bank System banks and trust companies and three non-banking subsidiaries in the central cities of Minneapolis, St. Paul and Milwaukee. Total First Bank System employment in these central cities is approximately 3,300 compared to total system-wide employment of 8,100.

2. We have no intent to contract our central city operations in the next five years or any time thereafter. On the contrary, our largest affiliate, the First National Bank of Minneapolis, is currently in the process of constructing a 1.5 million square foot business and financial complex, occupying an entire square block in the heart of Minneapolis, which will include as a major tenant the world headquarters for The Pillsbury Company. First Bank System will also relocate its headquarters into that new facility. We recognize the need to retain a vibrant core city environment and are pleased to be a part of that effort.

3. The recruitment or job training activities which our corporation sponsors or participates in that are specifically aimed at the unemployed in central cities include:

    1. Recruiting minorities through advertising in local minority newspapers.

    2. Recruiting through city high schools and vocational schools.

    3. Employing disadvantaged youth in summer jobs through the National Alliance of Businessmen.

    4. Participating as a member of the National Alliance of Businessmen's Work Education Council.

4. The present federal, state or local policies which discourage our company from maintaining or locating operations in central cities are principally the state laws which prohibit branch banking and thereby are a deterrent to the establishment of new locations. Legislation which would alleviate or eliminate these restrictions would serve as an inducement to locating additional banking offices in the central cities.

We are appreciative of this opportunity to express our views, and we thank you for inviting us to do so.

Sincerely,

Donald R. Grangaard
Chairman and Chief
Executive Officer

Enclosure

(Articles regarding the redevelopment of the north side of Minneapolis following the riots of the summer of 1967 follow.)

From the Minneapolis Star

SATURDAY
Sat., Dec. 3, 1977

rs after

lymouth Av

By DEBRA STONE
Minneapolis Star Staff Writer

It was the kind of evening those who lived on Plymouth Av. had become accustomed to during the summer of 1967.

The weather was hot and muggy. The mood was restless and tense. The night before, a fight between two black women after the Minneapolis Aquatennial Parade precipitated a riot on the north side. Stores had been vandalized and looted.

Black teen-agers hung out on street corners. They were bored. There was nowhere to go and nothing to do. Cars filled with white teen-agers drove by them. The whites had come to see the street where disturbances had flared the day before.

That evening, the night of July 20, 1967, violence was to come again to Plymouth Av.—and it was to be more than just a disturbance. At about 11:30 p.m., a Molotov cocktail burst against and burned a garage owned by then-5th Ward Alderman Joe Greenstein.

In the hours that ensued, full-scale riots broke out, rocks were thrown through windows, more than 30 fires were set on the north side and shootings were reported.

THE NEXT DAY, hundreds of national guardsmen were sent to maintain order. When the rioting ended, numerous businesses were burned out and boarded up and what had been a prospering commercial area of the city was nearly destitute.

On Sept. 30, 1977, 10 years after the rioting, blacks and whites from the neighborhood stood together at the site of Plymouth Center, a shopping area raised on ground that had been the scene of confrontation between young blacks and police.

The Plymouth Center, on Plymouth Av. between Newton and Oliver Avs. N., includes a pharmacy, liquor store, grocery store and hardware store. The businesses are owned by blacks and most employ blacks from the neighborhood. The center also includes a Northwestern Bell Telephone Phone Center Store.

"Things are happening on Plymouth Av.," said Darryl Hall, director of marketing for the Minneapolis Housing and Redevelopment Authority (HRA). "It took a long time, but Plymouth has got all the potential in the world to become a mini-business district in the north-side community."

Plymouth Av. has turned full cycle. It began as a business district, later was scarred by riots, was boarded up and idle, then was reborn during the past three years as a business district.

Fifteen years ago, Plymouth Av. was crowded with stores, many of which were owned by white, Jewish merchants.

"Everything was being run by whites," said Cozelle Breedlove, director of the Phyllis Wheatley Community Center, 919 Fremont Av. N. "We weren't getting any of the local action. There was great resentment that 'whitey' was doing this and 'whitey' was doing that and we couldn't get a piece of the pie."

NORTH MINNEAPOLIS blacks faced unemployment and discrimination in their own neighborhood, according to Stephen Michael Crawford, who participated in the confrontations. Store owners tried to short-change black children and they would raise prices at the beginning of the month when welfare checks arrived, Crawford said. There were hassles with policemen and hassles with merchants.

"There was no place in north Minneapolis for black kids to go," he recalled. Local blacks, he said, were aware of rebellion against racism throughout the country. They felt they had the same problems.

Minneapolis was not the first city to experience racial violence in the '60s. In 1965, six days of rioting raked the Watts area of Los Angeles. When it ended, 35 people had died and 900 were injured. In 1966, disturbances broke out in Hough, a Cleveland ghetto, when a bartender denied a black man a glass of water.

By the time unrest exploded in Minneapolis during 1967, there had been similar disturbances in 30 other U.S. cities. Confrontations here in 1967 were born out of feelings of frustration and hopelessness, Crawford said. Neighborhood people looked around and saw nothing of their own.

Police and rioters tell different stories about how the confrontations started.

Crawford said one riot broke out when members of his street gang, The Importers, thought they saw a merchant short-change a black child.

His gang went into the store and argued with the merchant, Crawford said. "The next thing I knew, stuff started flying around," he said. "Suddenly, people were coming out of the woodwork."

James Spaulding, who is in Stillwater State Prison

serving time for assault and felonious possession of a pistol, said one of the incidents started when police searched several black men on the avenue for guns. When the police left, he said, the group began setting buildings on fire.

During 1966, 1967 and 1968, most of the white merchants left Plymouth Av. Some left because their stores had been burned down, others just sold out and moved to other parts of the city.

"By 1968, there were few businesses and buildings, and the ones that were here were boarded up," said John Warder, president of First Plymouth National Bank, 2000 Plymouth Av. N. "There was a feeling of hopelessness for a short time."

The HRA bought most of the land on both sides of Plymouth Av. from Girard to Penn Avs. N. between 1969 and 1974. Most of the land from Morgan to Girard Avs. N. was zoned for dense residential development. From Morgan up to Penn Avs. N., the land was zoned for commercial development.

According to the 1970 census, the area of Plymouth Av. where rebuilding has begun is nearly 60 percent black. The area of near north Minneapolis, bounded on the north by Golden Valley Rd., the south by Olson Hwy., the west by Penn Av. and the east by Humboldt Av., has 2,263 whites and 3,305 blacks.

TWO PRIVATE BUSINESS groups are responsible for most of the current development on Plymouth Av. The Plymouth Avenue Housing Corporation financed the Plymouth Avenue Townhouses and Apartments, which opened in 1975. The gray-and-black buildings line Plymouth from Humboldt to Morgan Avs. N. The 140 units are almost all rented, according to the HRA. The rents range from $35 to $240 a month. Some of the tenants receive rent subsidies.

The Plymouth Avenue Development Corporation was the other driving force behind rebuilding. Made up of about 15 north-side residents, the group was formed in 1969 to find what neighborhood people wanted to do with the avenue.

In 1971, the First Plymouth National Bank building opened and with it an era of growth.

"The bank was the first new commerical building in 20 years," Warder said. "It provided the capital to stimulate economic development."

Almost all the new businesses in the neighborhood have loans from Warder's bank. Wording on a cup in Warder's office states, "John Warder makes it happen." The saying fits. Leroy King, owner of King's Supermarket, Craig and Jacqui Clark, owners of the pharmacy, and Stephen McGregor, owner of Coast to Coast hardware store, all were approached by Warder and asked to locate in the center.

In 1974, the development corporation sold preferred stock to member firms of the Minneapolis Chamber of Commerce. In 1974 and 1975, the corporation bought land for the shopping center.

THE FIRST STORE to open, in June 1975, was King's Supermarket.

King did not participate in the protests of 1966 and 1967 but said the protests were partly responsible for what he has now.

"We should remember that as part of our roots," he said. "I don't ever want to forget what happened here in the '60s. We didn't walk over here on a bed of roses.

"The people are proud of the shopping center now. They're proud we're here. In the last three years, no one has ever said this center is something we shouldn't have."

The next store to open was a liquor store owned by Carl Eller of the Minnesota Vikings. Eller said he was not solicited by anyone to open the store.

"I saw there was a business opportunity and a business of that nature could prosper here," he said.

A Coast to Coast hardware store and a Northwestern Bell office opened about a year ago. The last store in the center to open was the pharmacy, which began operations Sept. 30. A McDonald's restaurant owned by James Anderson opened in October 1976.

Those who burned and protested are not necessarily the ones who reaped the benefits of the avenue's new image and not all the protesters are pleased with Plymouth Av. today.

"Black power is a thing of the past," Anderson said. "It's now green power. We don't look at a person's color here when he comes in the door."

"WHEN YOU HAVE radicals or revolutionaries, their cause has not been for their own gain," Eller said. "True revolutionaries do not benefit but sacrifice."

Spaulding, who participated in the protests, said that nothing has really changed on the avenue because the businesses are white-owned corporations with black franchises.

"Black people are quick to applaud themselves in the middle of the struggle," Spaulding said. "It's not black capitalism when you don't own it. The whole thing remains the same. Warder is a lackey for the bank for the 'fat-cat' power culture. Nothing has changed."

"I don't look at franchises as black ownership," he added. "I don't call that black economy.

"The brothers who participated in the struggle didn't get anything. But if I had to do it again, I'd do it again and again."

Crawford, who participated in the confrontations, seems to feel it was worthwile.

"I didn't profit in a physical or material sense, but I profitted in myself," he said. "I know I can organize and make things work. That's a hell of an experience for a young black guy.

"If there's a girl now who's not afraid to go to school because she's got new clothes and because her folks have a job, then it's all worthwhile."

From the Minneapolis Star

The Avenue's a brand new lady now

By DAVID E. EARLY
Minneapolis Star Staff Writer

Plymouth Avenue used to be a loose woman.

She strolled on the near northside, mean and loud and kicking up a storm. She begged for a another chance but sided up fighting cops and generally scaring the hell out of white folks. Calloused kids sprouted full-blown and mean from her concrete loins and on their lips was a sneer that demanded, as she did, their civil rights.

After so much pleading, she finally had had enough and during the summer of 1967, in a fit of desperation, she set herself afire. Her cheap sequins were scorched, the clinging dirty dress she wore that never really belonged to her was consumed and her scarred, old face and angry heart were broken.

But Plymouth Avenue today is a brand new lady.

HER SPEECH IS CRISP, cool and business-like. She wears a few carefully tailored suits, carries financial statements under her arm and talks politely about her hopes for a prosperous future and self-sufficiency for herself and those around her.

She's a changed woman.

Plymouth Avenue always will be a symbol of "the movement" in Minneapolis. The place where, in the late '60s, head-to-head confrontation with "the man" was real and where the frustration and rage of a people bereft of hope exploded in burning and looting. Their acts drew strength from the civil rights movement throughout America during that turbulent time.

No one has forgotten the movement and no one ever will.

But today, when you stroll along the Plymouth strip, from Penn Av. down to about Humboldt Av., the 10-year-old memories of revolving red lights, stormy midnight burnings, vandalism, brutal assaults, helmets and sticks, verbal abuse and the purist of hatreds—racial hatred—white not forgotten, are growing faint and blurred.

Today's Plymouth Avenue has a full-sized McDonald's and a natty little shopping mall containing a pharmacy, a telephone sales center, a hardware store and liquor and grocery stores.

Down the block is a relatively new senior citizens high-rise, an attractive apartment complex, a barber shop and beauty parlor. Across the street is a full-service bank.

There are large trucks delivering goods, cars coming and going from the spacious parking lot, women scrutinizing meat in the grocery store, children buying candy in the pharmacy, phone bills being discussed and snow being shoveled from the storefronts. Shoppers are young and old. They are black, red and, as a sure sign of change, white.

There has been a rebirth of sorts on the avenue that has instilled in the people there a curious mixture of pride in the present and a concern for the future. For more than a decade it had been considered nothing more than a walking corpse.

The community, for the most part, likes what it has seen so far. Speculative chatter about more development abounds. For the first time in a long time, a collective caring is slowly infecting near northsiders. They speak of "our community."

There has been a sharp increase in the number of block clubs, neighborhood groups and meetings in the Plymouth Avenue and surrounding areas. The meetings draw whites and blacks in nearly even numbers and participants talk sincerely about subjects such as crime, education, transportation and rehabilitation.

POLICE ARE SURPRISED that in the last year or so they have received calls reporting suspicious activity from people who "wouldn't even talk to us before."

Gerry Shoemaker, captain of the northside precinct said, "We are being asked to speak at these neighborhood meetings all the time and that is significant because not so long ago they didn't want to have anything to do with us and we were not too crazy about them."

While Plymouth Avenue's face-lifting might not be the only reason for what seems to be a mellowing out of that part of north Minneapolis, it probably is the prime one.

"There seems to be more pride around here, pride in what they have," says Ray Crump, assistant executive director of the Hospitality House, a religiously based recreation center that grew from a tin shack in 1967 to a spacious, two story, multimillion-dollar facility at Plymouth and James Avs. N.

"Now the community can look at the new things we have here and say 'Here is a black man bringing money back into the community and that is good for all of us.' Now it's like a family thing and you want to keep the family going."

"There seems to be a better feeling down there among the people," said George Hudok, a policeman for 11 years on the northside and one who has witnessed the change during the past 10 years.

"There is a better air, more pride and I think it has led to better involvement with their community that is spreading now that the black-run businesses have a foot in the door. Before the commercial development started people up there were concerned with what businesses would come in, that maybe the area would resort to the old ways.

"But now with blacks running the business and participating in the growth, people seem to feel OK. They have mellowed out."

One rap blacks have had to live with is "You give 'em something and they tear it up." The revitalized Plymouth Avenue area, sitting in the heart of one of the poorest areas in the Twin Cities, feels it has something to prove.

The construction and decor of the shopping center and each of the five stores is fussy and impeccable. The shopkeepers are doing business by the the book, under the eye of John Warder, president of the First Plymouth National Bank and patron saint of the commercial development.

Though police report problems with drunks carousing near the center, the usual amount of vandalism and annoyance by teen-agers, trouble one might expect in that part of town, has caused little alarm.

One reason for the acceptance of the center and the feeling of community it has begun to give the area, is that shoppers, the majority of whom are black, see their friends and neighbors running the show. Really running the show.

"We don't have a whole lot of jobs for folks but still we have a few and we have put people around here into them," said Jacqui Clark, owner of the pharmacy. "That's why I'd like to see this whole entire avenue developed, just for the jobs. Then we could really be self-sustaining."

THAT BLACKS ARE RUNNING the stores naturally means other "personal" touches are evident.

Mrs. Clark stocks an array of Afro-hair products, as well as Miss Clairol's stuff, and Genesis greeting cards, with black images illustrating the various messages, displayed alongside the usual collection by Hallmark. Unlike many drug stores in black areas that traditionally sell only girlie magazines, Mrs. Clark's store offers paperbacks and news magazines, from Time and Newsweek to Soul Confessions and Jet.

Leroy King, owner of King's Supermarket, has chitterlings, neckbones, hog maws and pigs feet in his meat case with the roasts, lamb chops, and tenderloins.

"I went through 95 cases of greens this week and had to order up eight extra cases just to get through the weekend," King said. "I know what our folks like to eat and what we can afford so I don't worry too much about shrimp and lutefisk and that stuff."

The clean-kept stores mean much to black people in the area. Many grew up thinking that if they wanted to buy in their own neighborhood they had to go to dishevelled convenience stores.

"You won't see what they used to call 'nigger stores' here," asserted King, whose market is immaculate and well stocked. "Stores where your shoes stick to the floor because (the owners) never cleaned it up because they didn't feel they had to for us."

Nobody thinks rebuilding has been a cure-all and there is disagreement among some who live around and along Plymouth Avenue, the spine of the northside.

Unemployment still is high. There is concern about disturbing crime rates, serious juvenile delinquency, poor housing and considerable distrust of police in that area. Also, not everyone is so sure the area will not just end up another strip of businesses run by "fatcats" who, this time happen to be black.

A strong undercurrent of criticism runs through the neighborhood. A stone's throw away from the spiffy, new Plymouth Center is an ugly, garishly painted, cinderblock community center called The New Way. In the mid and late '60s when the thought of a black owned shopping mall was a joke, The New Way (then called The Way) was at the forefront of the black struggle.

In those days, The Way had the reputation of being the center of a marching militance that was in step with the national civil rights tempo. It was vital to the movement, a fortress of black pride, power and potential.

PLYMOUTH AVENUE'S new businessmen believe the The New Way must go.

The businessmen either are silent or unquotable on the subject but at heart they want to get rid of the The Way and its director, Spike Moss. They say that Moss minimizes the success of the commercial development and chides the businesses for being mere franchises (all are, except for Carl Eller's liquor store and the pharmacy) and therefore tools of white moneychangers.

Moss talks militance while the businessmen talk money. He talks consciousness while they talk construction. He speaks idealism while they speak realism. Moss is popular in some quarters and well-known in all, but the The New Way's image and appearance is unattractive and draws the "wrong" kind of people to the area, the merchants say.

Though The New Way and "the new businessmen" might be able to live harmoniously, it probably will not happen. It's 1977 and The New Way no longer fits the brand new lady's style.

That black businessmen want to get rid of The New Way is symbolic. The black fist has relaxed, the antiquated dashiki has been traded in for a three-piece suit and the glow of capitalism.

The love affair between prosperity and a people who for so long have done without has just begun. The avenue is changing and the near northside, long known as a "run-down, poor black area," is on the brink of changing that image.

If the carefully laid plans of the community's visionaries are realized, Plymouth Avenue will not be just a brand new lady, but one with a future—a richer, fatter, happier future.

FIRST CITY
BANCORPORATION
OF TEXAS, INC.

J. A. ELKINS, JR.
Chairman of the Board

December 13, 1977

The Honorable Henry S. Reuss
The United States House of Representatives
634 House Office Building, Annex 1
Washington, D. C. 20515

Dear Mr. Reuss:

Sharing your concern for the plight of our central cities and their unemployment problems, I am happy to respond to the questionnaire from the Subcommittee on the City, Committee on Banking, Finance and Urban Affairs. Enclosed are my thoughts concerning the questions submitted. I hope this provides you with the type of information you are seeking.

Sincerely,

J. A. Elkins, Jr.
Chairman of the Board

JAE/dl

Enclosure

FIRST CITY BANCORPORATION OF TEXAS, INC.. 1001 MAIN, P.O. BOX 2387, HOUSTON, TEXAS 77001, 713/658-6878

RESPONSES TO QUESTIONNAIRE

U. S. House of Representatives
Subcommittee on the City
Committee on Banking, Finance and Urban Affairs

1. Which of your corporation's operations are at present located in central cities and how many persons do they employ out of your total work force?

First City Bancorporation is a multibank holding company comprised of twenty-seven member banks located in seven metropolitan markets (SMSA's) and two non-metropolitan areas within the state of Texas. Total corporate employment at November, 1977, was 3,987, with 3,925 or 98.4% employed in metropolitan areas. Since "central city" problems tend to be urban in nature, the following breakdown of metropolitan employment is provided in response to your question.

EMPLOYMENT BREAKDOWN OF
FIRST CITY BANCORPORATION OF TEXAS
November 1977

SMSA	Metropolitan Employment	Central City Employment	Central City as % of Total
Houston	2,170	1,679	77.4%
Dallas/Ft. Worth	602	367	61.0
Austin	400	400	100.0
El Paso	148	148	100.0
Corpus Christi	212	212	100.0
Beaumont/Port Arthur/ Orange	65	65	100.0
San Angelo	81	81	100.0
Bryan/College Station	69	69	100.0
Midland	178	178	100.0
TOTAL	3,925	3,199	81.5%

Defining "central city" as the principal central business district (CBD) within each of the metropolitan areas shown in the above chart, 3,199 employees or 81.5% of First City Bancorporation's total metropolitan employment is working in a primary "central city" location. (Within the Houston and Dallas-Fort Worth metropolitan areas, an additional 197 persons work within what could be defined as CBD's of smaller incorporated areas which surround the hub city. Adding these individuals to "central city" employment brings the number to 3,396 or 86.5% of total metropolitan employment.)

2. What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?

Current plans for expansion of First City Bancorporation's operations would tend to favor a growing share of "central city" employment within our organization over the next five years. The major factor influencing personnel trends

is the Bank Holding Company Act as amended in 1970 which permits expansion by acquisition or by the establishment of de novo charters. Until the holding company movement matures in Texas, expansion into unrepresented markets will tend to be accomplished by acquiring a prominent bank in a "central city" location when possible. Ultimately, as the holding company movement matures, a greater portion of personnel expansion will be in the rapidly growing suburban markets where the greatest need for new banking services will exist.

3. What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?

First City Bancorporation is involved in several recruitment activities as well as job training functions that are aimed at the unemployed, especially those in the central city. Briefly, in the training function our corporation actively participates in CETA (Concentrated Employment Training Act), in conjunction with the Urban League, and in the SER program. In the latter program, unskilled individuals are referred to our corporation and subsequently trained by our organization for suitable positions.

First City Bancorporation has also taken several steps to create opportunities to hire the unemployed. Actions include listing all jobs openings with the Texas Employment Commission, participating in Career Day at inner-city high schools which tend to be minority schools, working with the City of Houston on a yearly venture called the Job Fair Program which is aimed at hiring the handicapped, and continuing a dedication to the Affirmative Action program.

Furthermore, First City Bancorporation has recently become involved in a unique program which should affect central city unemployment. Newly organized in Houston is Texas' second minority enterprise small business investment company (MESBIC). The organization currently has thirty-five investors who have committed total capital of $854,000. At present, two loans have been made to minority businesses in what would be considered surrounding downtown areas, with plans for other loans to be made in the near future.

4. Which existing federal, state or local policies, if any, discourage you from maintaining or locating operations in central cities? What new governmental policies would encourage you to maintain or locate operations in these areas?

The problem of government policy today is not so much one of discouraging central city operations as it is one of failing to encourage the growth of such operations. For most urban areas in Texas, urban sprawl and the attendant decline of central cities would seem to be the number one problem of the future. To avoid the more costly disease of urban decay, it is essential that steps be taken now to develop adequate mass transit systems which can maintain the viability of still healthy downtown areas, such as Houston and Dallas. An ounce of prevention today should in the long run save taxpayers millions of dollars. Consideration should also be given to reforming taxing schemes, environmental regulations, education programs and housing programs which encourage the flight of individuals and businesses to the suburbs.

THE FIRST NATIONAL BANK OF BOSTON

KENNETH R. ROSSANO
Senior Vice President

December 15, 1977

Mr. Henry S. Reuss, Chairman
U.S. House of Representatives
Subcommittee on the City
Committee on Banking, Finance,
and Urban Affairs
Ninety-Fifth Congress
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Mr. Reuss:

I am writing in response to your letter of November 14, 1977, to Richard D. Hill of The First National Boston Corporation concerning the plight of our central cities and their unemployed. As you may know, The First National Bank of Boston and First National Boston Corporation are headquartered in Boston. We are therefore very much committed and concerned with this City's economic welfare.

In direct response to your questions, we submit the following information and materials and hope that you will find it useful. If we can be of further assistance, please let me know.

1) Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?

   Virtually all of our forty-three subsidiaries are located in central cities throughout the country and the world. As stated above, the main headquarters for the holding company as well as The First National Bank of Boston are here in Boston. First National Boston Corporation employs 9,700 people.

2) What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?

Boston, Massachusetts 02110 - Telephone 434-2270 (Area Code 617)
A Subsidiary of First National Boston Corporation

Specifically, we have just bought a new building located at Columbia Point in Boston to facilitate further expansion of the Bank within the Boston area. Additionally, affiliate banks have been purchased in other central cities in Massachusetts. The holding company's expansion has always been in central cities throughout the world.

I am also enclosing a copy of The Boston Plan as presented to President Carter. "The primary objective of The Boston Plan is the generation of economic activity by using public investment to leverage private sector spending." As such, The First National Bank of Boston is extremely interested in working with the City on this plan. The Boston Plan has received its first federal grant to help fund this concept but is waiting for the remaining portion of the grant (total grant $124 million). Once the plan has received federal funding, we expect to be approached and give financial and moral support to this plan. In the meanwhile, we have kept in touch with the plan's progress and have communicated closely with other industry and the City of Boston to help show our continued support of the concept.

3) What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?

A. Project Y.E.S. - Youth Entitlement System

This is a plan to encourage industry to create jobs for disadvantaged youths between 16 and 19 years old in the Boston area. The project requires every participant to be enrolled in school or in an equivalent educational program. We at The First National Bank are excited about this plan and intend to participate if federal funding of $24 million comes through. Although the program is federally funded, the Bank would contribute by training and offering job opportunities to those people who normally would not have such a chance. I am enclosing some information on this program as well.

B. Hyde Park High School - Hyde Park, Mass.

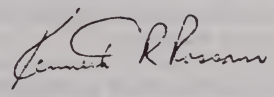
The First National Bank of Boston has recently pioneered a program to work closely with Hyde Park High, a public school, with many problems of late. Besides tutoring and general support, we are actively engaged in a work-study program whereby we employ Hyde Park students in part time jobs, provided

they remain in school simultaneously. Many summer jobs are provided to these students as well. As of November 21, 1977, we have 29 Hyde Park students working in various departments of the Bank. This program has succeeded in benefiting both student and employer as well as the City of Boston. Many students from various Boston high schools are also hired throughout the year on the work-study program.

4) Which existing federal, state or local policies, if any, discourage you from maintaining or locating operations in central cities? What new governmental policies would encourage you to maintain or locate operations in these areas?

A major problem for urban development and unemployment in Boston is the property tax structure. Industry is forced to move outside Boston, when possible, because commercial property is taxed at such a premium. This problem has become cyclical by escalating property taxes for those who remain within the City to cover the loss of revenue from business which has left, thereby eventually forcing industry to move outside of the Boston area.

Sincerely



Enclosures

(The copy of "The Boston Plan" and the information on the "Youth Entitlement System--Project Y.E.S." is retained in the Subcommittee file.)

FIRST WISCONSIN CORPORATION

GEORGE F. KASTEN
CHAIRMAN OF THE BOARD

December 22, 1977

Subcommittee on City Committee
on Banking, Finance and Urban Affairs
U. S. House of Representatives
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Members:

This letter is in response to your inquiry of November 14. The First Wisconsin Corporation is a multi-bank holding company with its principal subsidiary being in the First Wisconsin National Bank of Milwaukee. Your inquiries seem to be directed more toward manufacturing or commercial firms rather than financial institutions; nevertheless, we are pleased to respond to your questions to the extent that they relate to our business.

As you know, "the central city" is not a precise term. From your letter we have concluded that you are attempting to deal with older neighborhoods, with deteriorating housing stocks, inadequate employment opportunities, high crime rates and serious social problems. Of the several cities where we do business, only Milwaukee contains areas fitting this description.

(1) In Milwaukee, we regard four of our fourteen branches to be located in the central city. Three other branches are on the fringe of that area. These seven branches employ 178 people out of our total Milwaukee bank employment of 2,484. The Main office of the Milwaukee bank, as well as the Corporation's offices and those of various affiliates, are located in downtown Milwaukee, which is surrounded by the central city. These facilities provide employment for approximately 2,680, many of whom are residents of the central city.

(2) Expansion in banking commonly takes one of two forms: Staff may be added to home offices which are usually located in downtown areas; Expansion of retail services is accomplished by adding branches. Unfortunately, Wisconsin branch banking laws make it very difficult for us to add branches. Consequently, we have no firm plans to expand any branch operations in the next five years.

FIRST WISCONSIN CENTER 777 EAST WISCONSIN AVENUE MILWAUKEE, WISCONSIN 53202 (414) 765-4010

On the other hand, we do not plan to withdraw from any central city locations. Our reasons for this decision are both pragmatic and ethical. Practically speaking, it would probably be difficult to obtain permission to relocate a central city branch. Ethically, we believe that we have a responsibility to provide bank services to all segments of the community. And we do not believe it would be proper to leave the central city without banking facilities.

(3) First Wisconsin National Bank of Milwaukee has several job training and recruitment activities to employ people from the central city. We use various federal and state agencies which serve central city residents. These include the Work Incentive Program (WIN), the State Job Service, and Service Employment Redevelopment--Jobs for Progress. (SER)

The Bank also recruits highschool seniors for employment after graduation, and has developed special recruiting programs in conjunction with career guidance directions, in highschools with large minority populations.

The Minority Referral Program, an additional effort, is aimed at highschool students who are in their junior year. Through this program we look for possible candidates for part-time employment who might remain with us after graduation.

For those Minority applicants who would not normally qualify for teller positions, we have developed a program to provide remedial classroom and on-the-job training, so that they can ultimately perform their assignment satisfactorily. We also offer a similar program for clerical workers. Both programs offer instruction in Math, English and specific job skills.

(4) Some of the major factors which would discourage us from continuing operations in central offices, had we not determined to remain, are as follows:

(a) The migration of profitable banking business from the central city and our inability to follow our customers to their new neighborhoods. The weight of federal and state authority is unfair to large banks which remain in central cities. These regulations tend to discriminate against large institutions without examining whether their facilities are located in optimum markets or whether many of their locations are undesirable. These laws constrain us from establishing branches in our customers' new neighborhoods, thus penalizing us for providing banking services to the central city. If the

authorities were to permit banks to add branches in proportion to the branches maintained in the central city, banks would be encouraged to remain in such locations.

(b) Bank robbery is a major operating difficulty in the central city. Intensive polocing by local law enforcement agencies is the only solution available in the short run.

(c) High operating costs. For a variety of reasons, the expense of operating a central city facility is considerably higher than the costs associated with branches in newer areas. The Federal Government has the ability to create incentives to offset these higher costs. However, the strongest practical incentive would be to permit banks who remain in the central city to branch in out-lying areas as well.

I hope the above will be helpful to you.

Very sincerely,

George F. Kasten
Chairman of the Board

GIRARD BANK

One Girard Plaza
Philadelphia PA 19101
Tel (215) 585-2170

WILLIAM B EAGLESON JR.
Chairman of the Board and President

December 14, 1977

The Honorable Henry S. Reuss, Chairman
U. S. House of Representatives
Subcommittee on the City Committee on
Banking, Finance and Urban Affairs of
the Ninety-fifth Congress
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Mr. Reuss:

This is in response to your request for information relative to the Girard Company's commitment to the City of Philadelphia and related matters.

Girard is a one bank holding company with total assets of $3.5 Billion. A major portion of our business is accomplished at our center city location, where we occupy all or a major portion of four buildings and employ 2,250 people. A second location at the eastern end of center city in the historic area employs 260. As one evidence of our long term commitment to the city, we expended over $1,000,000 to restore and refurbish that location in 1977.

Along with SmithKline Corporation, Philadelphia Electric Company, Butcher & Singer and The Korman Corporation, Girard has played a major role as the development bank in the Franklintown project, a $400 Million residential and commercial real estate revitalization of an area adjacent to the western portion of center city Philadelphia. In 1972, we completed a new $50 Million 39-story office building in the center of the city. The Fidelity Mutual Life Insurance Company is our partner in this building, which serves as their home office and houses approximately one-quarter of our center city staff. In late 1978, we expect to open a new retail branch location at Progress Haddington Mall, which is located in a depressed area of West Philadelphia.

Current employment statistics for the Girard Bank in Southeast Pennsylvania are as follows:

	County	Employees
*	Philadelphia	2,787
*	Montgomery	178
*	Delaware	169
*	Bucks	64
*	Chester	12
	Lehigh	16
	Berks	10
		3,236

* Philadelphia SMSA counties

Although 86% of our staff works within the boundaries of the city, it should be noted that only 26 employees (Lehigh and Berks Counties) are outside the Philadelphia SMSA used in the reporting of unemployment statistics.

Although Girard is most eager to increase its share of deposits and loans, we have determined that we cannot afford to compete for a larger balance sheet at the expense of net income. Therefore, there are many services, provided by other financial institutions, which we do not and will not provide. Current interest rate regulations, of which you are well aware, inhibit Girard's ability to provide new services and as a result, new jobs. At the same time, the economy of our area, as in many Northeastern cities, is not strong. Loss of major manufacturing business has had adverse impact on loan demand and the recent economic recession has been particularly difficult for Girard and other major commercial banks, as is evident by the loan losses charged against earnings in 1976 and 1977.

Over the last three years, our total labor costs have increased by approximately $7 Million or 20%. This increased cost has been

incurred in spite of a staff reduction program which began in late 1975. Our total employment at year-end 1974 was 3,422 and our current employment stands at 3,236. Inflation, benefits, and payroll taxes have been the major contributors to the heavy growth in expenses while total employment was decreasing. Unfortunately, there is little hope that these factors will change in the near term future. The new minimum wage and Social Security legislation will further accelerate growth in labor costs and are strong new incentives to avoiding increase in our staff whenever possible.

Since the cost of labor is our second largest expense (after the cost of money), we are naturally cautious toward any new service which is labor intensive. Consequently, while we do have plans for new services and expansion of our business, we do not see any large growth of total employment resulting. An average growth of 50 jobs annually over the next 5 years is viewed as a high estimate by our management team.

While total employment will remain relatively stable, I should note that our industry has a high rate of turnover. In terms of annual replacement needs, we hire 700-800 new employees each year. Of this group, 600 are placed in entry-level positions, half of whom are provided with classroom training by Girard. Most of the others require on-the-job training of 2-4 weeks, provided by supervisory and senior personnel, before they are productive. More than half of the total hired are referred through the following sources, which are primarily in business to train or place members of our central city population.

Pennsylvania State Employment Service
Philadelphia Area Manpower Council
O.I.C.
North City Congress
Negro Trade Union Council
SER/Jobs for Progress, Inc.
W.I.N.
Philadelphia Public School System
Girard Temporary Program (high % of retired and over 65)

For the present, we are not discouraged from maintaining operations in this city, although we have no ambitious plans to grow larger in terms of employment. You must recognize that our employees who work within the city limits pay a high penalty in the form of a 4.3125% wage tax. Suburban residents who work in the city also pay this tax, while also paying significantly higher property taxes to support school systems in communities where there is no income or wage tax. Employment in central cities would be encouraged if the Federal Income Tax laws were amended to recognize all, or even a portion of, local income taxes as credits against the Federal Income Tax rather than as deductions. Obviously, this change would benefit the lower wage earners, who, typically, do not itemize deductions, or, if they do, receive a low benefit related to their low tax bracket.

A recent article in Business Week (November 14) estimates that manufacturing employment in the Middle Atlantic Region (New York, Pennsylvania, New Jersey, Maryland and Delaware) is down 19% from 1966 to 1977. Population losses have also occurred in these areas, although suburban locations are growing at the expense of central cities. Both of these factors seriously impact the banking business. We hope that the government understands that further reductions of its own activities in our area compounds the problem which your letter recognizes. If older, inefficient government installations are to be closed, we request that new federal operations be placed here to provide a similar number of jobs and services for the Philadelphia community.

We share your concern for the unemployment problem of our cities. However, the inflationary factors mentioned earlier have such immediate and severe impact on Girard's labor costs that we are not optimistic concerning this corporation's ability to provide new jobs. The solution to high rates of inflation must be a high priority for the government, because once solved, unemployment statistics will become more normal and acceptable.

Very truly yours,

William B. Lukens

MANUFACTURERS NATIONAL BANK
OF DETROIT
Manufacturers Bank Tower
Renaissance Center
Detroit, Michigan 48243

Dean E. Richardson
Chairman of the Board

December 16, 1977

The Hon. Henry S. Reuss
U. S. House of Representatives
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Mr. Reuss:

I apologize for not responding sooner to your November 14 letter, asking for information about our involvement in the central city, in this case, Detroit. It has taken us a little while to find the information you sought, which I think we now have.

To put the answers in focus, you should know that we are a bank holding company with our major bank subsidiary being located here in Detroit. Three of our subsidiaries are located in the Detroit suburbs and two are outside in rather rural areas. Therefore, our answers apply only to the one subsidiary, Manufacturers National Bank of Detroit, and not the corporation.

I think it would also be helpful to know that myself and predecessors and many of our officers and staff are actively engaged in helping to cure the ills of the inner-city. This is encouraged by our Board and management. Further, the bank made a commitment to the inner-city in 1967 when we built an operations center downtown at a cost exceeding $17 million. This could well have been built in a suburb for ease of operations and in hindsight, and from a purely economic sense, probably should have been. Again, in 1973, this corporation made a commitment to the core-city which was recently fulfilled when we became the major tenant in the office area of the new Renaissance Center. Incidentally, the offices we vacated are still staffed and well maintained.

I have attempted to answer your specific questions in the order posed.

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1) Our operations within the city of Detroit employ 2,279 people or 74.9% of our staff. With the exception of suburban branches, all of the bank's operating and staff departments are in the city -- principally in two downtown office buildings.

2) The major departments domiciled in the city core area have grown in the recent past at approximately 1% per annum and we anticipate this trend will continue. Therefore, we will probably add 20 to 25 people per year within the city. The major factors behind our expansion in the downtown area are the availability of office space and the efficiency of having operations concentrated in the same area. Although it has become increasingly difficult to attract new employees, we have not changed our expansion policies. Hopefully, the Renaissance Center will assuage many of the perceived detrimental features of core-city employment.

3) Manufacturers participates in five community job training organizations. All of them are at least partially federally funded (CETA), but some require private contributions and/or staff assistance. They focus on skill upgrading of the unemployed and young people. In addition to direct recruitment, the bank also participates in high school job fairs in which various career opportunities are presented.

4) The primary deterrent to locating or expanding in a core-city area is the recruitment and retention of qualified people. If the situation deteriorates from today's tenuous environment, many firms, including our own, may have to relocate certain departments outside of the city. For instance, it is difficult to retain or attract highly skilled computer technicians downtown. Among the reasons for this

reluctance to work downtown are city income taxes, apprehension over personal safety, and the inconvenience and expense of commuting (traffic jams, parking). A policy designed to increase city employment would have to remedy these "people problems" first.

If you need further elaboration on any specific issue, please feel free to contact me.

Sincerely,

Chairman

Mellon Bank N.A.
Mellon Square
Pittsburgh, Pennsylvania 15230

CRAIG G. FORD
SENIOR VICE PRESIDENT

December 15, 1977

Mr. Henry S. Reuss, Chairman
U.S. House of Representatives
Subcommittee on the City
Committee on Banking, Finance and Urban Affairs
604 House Office Building, Annex 1
Washington, D.C. 20515

Dear Mr. Reuss:

The concerns of the House Banking Committee regarding the need for a concerted effort on the part of government and business to revive and stabilize the economies of our nation's central cities are shared by the banking community. We feel that the information that we have submitted to you is an indication of our commitment to the City of Pittsburgh and hope that it will assist your committee in achieving its goals. Additionally, there are certain governmental policies, both federal and state, that restrict and discourage our locating operations in central cities other than Pittsburgh. We urge you and your colleagues to remove these barriers to competition that we feel adversely impact our nation's cities. A summary of the information that you have requested follows.

The headquarters of Mellon Bank, N.A., are located in the City of Pittsburgh and include the administrative offices, trust department, computer operations, and other support areas. In addition, we have twenty retail banking offices located in the City of Pittsburgh. The majority of the leasing and mortgage subsidiaries of Mellon National Corporation are located in major cities and the Local Loan Company, our consumer finance subsidiary, is located in seventeen cities in the country. The Corporation's central city operations comprise 71.2% of a total work force of 6,092 employees.

Because of certain restrictive governmental policies that will be addressed in this letter, the extent of the Bank's plans for expansion of central city retail banking activities is limited to Pittsburgh. City planning sources have indicated continued commercial growth in the downtown area of Pittsburgh sufficient to warrant additional offices to serve the banking needs of a growing employee sector. Additionally, we have received inquiries from several communities within the city that are not presently served by financial institutions. These inquiries appear to stem from the general feeling that a branch facility is the necessary catalyst required to revitalize the commercial

district in these areas. Although there is no evidence of a cause-and-effect relationship, we recognize the need for responsiveness on the part of the banking community, and we are presently addressing specific requests to establish branches in certain areas of the city. However, the revitalization of these areas within the city will require a concerted effort on the part of area residents, the business community, and the City of Pittsburgh.

In the interest of community concern and involvement, there are a variety of programs and organizations supported by Mellon Bank that are specifically aimed at the unemployed and economically disadvantaged with primary emphasis in the central city. The WIN Program and O.I.C. (Opportunities Industrial Center) are governmental programs in which we participate in hiring the unemployed, and the Urban League is a civic organization that we support in a similar fashion. In addition, we have committed to the HIRE Program for 1978. The National Alliance of Businessmen is a civic organization supported by Mellon Bank which sponsors specific programs for training and hiring the economically disadvantaged. Mellon Bank also participates in local employment programs for minority students that provide summer employment opportunities as well as a work-study program with high school accreditation. Finally, contributions are made to the C-MAP Program (Carnegie-Mellon Action Project), NEED (Negro Emergency Education Drive), and the United Negro College Fund.

There are several federal and state policies that restrict and discourage our locating operations in central cities other than Pittsburgh, our headquarters city. To illustrate: first, the federal McFadden Act restricts our retail banking activities to a relatively small area of Pennsylvania. Of the thirteen urban areas in Pennsylvania defined by the Bureau of the Census, Pittsburgh is the only central city within the area in which Mellon Bank, N.A., is permitted to engage in retail banking activities. The federal policy on branching by depository institutions is conflicting since the commercial banks are limited by the McFadden Act while all other federally chartered depository institutions are under no limits in locating their retail operations within their home state. Given a modification of the McFadden Act and/or a more liberal branching policy, Mellon Bank, N.A., would most certainly have established retail banking offices in the major cities of Pennsylvania. Akin to the McFadden Act issue, Pennsylvania law also limits the number of banks which can be owned by a bank holding company to one. Most certainly, Mellon National Corporation would have more than one subsidiary bank if allowed and we can certainly state that we would consider having a business presence in all central cities located in Pennsylvania.

Second, we are being increasingly apprehensive that our non-retail activities outside of the Commonwealth of Pennsylvania will result in subjecting our income to taxation by numerous states. Such tax exposure could result in a total tax liability in excess of our present liability. That eventuality arises due to the expiration on September 12, 1976, of the moratorium on interstate taxation of depository institutions and the reluctance of the Congress to enact HR 9643 or S.1900. We will be very reluctant to establish an operation

in any city which is in a state that is attempting to tax the activities of non-domiciled depository institutions. Third, we are restricted as a bank and a holding company in the activities which we can undertake. For example, we are prohibited by the Glass-Steagall Act from underwriting and dealing in municipal revenue bonds. Legislation to allow such activity was passed by the Senate in at least two prior Congresses but has never been considered by the House Banking Committee. HR 7485, a bill supported by all depository trade groups and trade groups representing the interest of the cities and all metropolitan areas, is pending at this time and no hearings have been scheduled.

Finally, the activities of our principal subsidiary, Mellon Bank, N.A., are indirectly affected by the policies of government which impact those businesses and individuals whom we serve. For example, the environmental and job safety standards for the basic steel industry do little to add to the productivity and profitability of companies in an industry that is, in fact, discharging employees. That fact may have a dramatic adverse impact on the City of Pittsburgh and the entire Western Pennsylvania area. The recently enacted waterway users tax legislation will add costs to numerous basic industries in this city including the steel industry who depend upon the inland waterway system. In addition, the tax laws and policies that impact the capital investment and growth of the basic industries have adversely impacted our loan activity to expanding businesses.

In summary, Pittsburgh has had a relatively stable economy to date and has not experienced the types of problems akin to many other major urban areas. Additionally, Mellon Bank, N.A., is an active participant in Pittsburgh, the only central city in Pennsylvania in which we are permitted to engage in retail banking activities. However, in order that Mellon Bank and other Pennsylvania financial institutions can assist the efforts of your committee to revive and stabilize the economies of central cities, we urge that these restrictive and contradictory governmental policies be eliminated.

Sincerely,

Craig G. Ford

Rainier National Bank
Head Office: One Rainier Square, P.O. Box 3966, Seattle, Washington 98124

November 30, 1977

Congressman Henry S. Reuss, Chairman
Sub-Committee on the City Committee
on Banking, Finance and Urban Affairs
United States House of Representatives
604 House Office Building-Annex 1
Washington, DC 20515

Dear Chairman Reuss:

Mr. G. Robert Truex, Jr., Chairman of the Board of Rainier Bancorporation, has asked me to respond to your letter of November 14, 1977 as to our activity to increase urban employment, public facilities, commerce, and housing.

We are responding to your questions in the order they were put:

(1) As to which of our operations are currently located in central cities, and the number of persons they employ out of our total work force:

Rainier National Bank has 40 offices (out of 120), either within the state's three major cities (Seattle, Spokane, and Tacoma), or in contiguous cities with populations over 30,000. Rainier Finance has 19, Rainier Mortgage 12. Eight administrative centers service these operations. Of a total employment of 4,500, approximately 2,800 are in the three major cities, with 2,690 or 40% of the work force concentrated in Seattle and environs.

(2) As to our plan to expand or contract these operations during the next five years, and the factors influencing our plans:

RAINIERBANK

In contrast to the 1968-1973 period, when the fall in the Boeing Aircraft Company's employment from 125,000 to 25,000 stabilized state population growth, swelling in-migration will present new opportunities during the next five years. Our four-year corporate plan (1977-1981) projects a very gradual expansion policy. We are interested in becoming the best bank in the country, and not oriented toward size. An average annual growth in deposits of 10% over the 60 month period would be a safe assumption.

In general, our bank has a larger rural component than our competitors. We are the largest bank in the eastern, agricultural portion of the state, and expect to continue to capitalize on our expertise in agricultural lending.

In order to achieve a truly statewide service capability, we have proposed trading six of our Seattle offices for a like number of Old National Bank branches in Spokane. Earlier this year we bought a branch in downtown Tacoma, and are working to make entry to Everett in the near future. These three cities together with Seattle and Bellevue are the state's sole "urban" areas. We also intend to play an active social role, as is indicated by the final paragraph, in each of these arenas.

(3) As to job-training activities aimed at the unemployed in central cities:

Our opportunities are listed with numerous employment agencies both private and public, including the state Department of Employment Security.

We have a vice president whose sole responsibility is affirmative action. Our commitment is to have 21% of our mid-managers be either women or minorities by 1980. Ms. Reeves and her staff have expended extra effort over the last four years to keep us on schedule.

(4) As to existing federal, state or local policies which discourage us from maintaining or locating operations in central cities, and new governmental policies that would encourage us to do so:

(a) Reporting Requirements. The formats used for gathering information under the Federal Home Mortgage Act of 1975, a counterpart passed by the city of Seattle in 1976, in the state of Washington in 1977 typify the problem. Each requires the same information in a different format significantly adding to the cost of producing the reports. It should be noted that of the reports put out to the five SMSA's we operate in for the previous reporting periods, only ten copies have been picked up, two by our own employees.

(b) Inner-City Redevelopment. The bancorporation is formulating a proposal to the Comptroller to establish a subsidiary redevelopment corporation for the purposes of buying, building, remodeling, selling or holding inner-city land/housing to provide and upgrade housing stock. Perhaps the charters of national banks should be expanded to make it possible for them to be involved in this kind of activity without a complicated separate procedure.

(c) State Banking Laws. The state of Washington has complicated and outdated banking laws. They allow branching only in the county where the head office is located. Thus, competition can move into other urban areas, such as those described above in paragraph two, only by buying or trading, both of which are subject to the usual challenges. Unlimited branching is preferable, both to promote competition and to gain flexibility to serve obvious needs.

(d) Revenue Sharing. The federal government may wish to encourage a form of revenue sharing that would induce cities to deposit grants in financial institutions at no interest. The institution could in turn agree to provide minimal interest loans for residential rehabilitation. The most proficient practitioner of this idea has been the Bank of America, with its CIRP (City Improvement and Restoration Plan).

(e) Federal Activities. Government programs which would promote urban activity on our part include emphasis on public transportation systems which will make working in the cities economic and efficient for all classes, and, adequate law enforcement making it safe to do so.

An addendum on Rainier Bank's social policy and activities affecting inner-cities.

The following programs and activities are coordinated by Rainier Bank's Social Policy Department as investments in the communities we serve:

(a) The six year old Affirmative Lending Program is aimed at aiding small and minority entrepreneurs. It is coordinated by two experienced lending officers on a statewide basis.

(b) The company contributed a portion of $125,000 paid the city of Seattle to underwrite 18 months administrative costs to the Mount Baker Rehabilitation Program.

We are also a participant in the "Lettered Streets Program" in Bellingham in cooperation with the city's other major lenders, to revitalize the city's oldest residences.

(c) We took a lead role in initiating the Lender's Review Board, which has been operational in Seattle for a year.

(d) We are the lead financiers in Promenade '23, a proposed $10 million redevelopment of two and one half blocks in Seattle's "central area." We have received permission to make a Rainier Bank branch part of this informal shopping/living area. It will be the first commercial bank, apart from a minority-managed bank in the central city.

(e) Our contributions ($340,000 in 1977), are heavily weighted toward metropolitan areas and causes.

(f) Our Innovative Lending Group, formed in January of this year, resulted in the Rainier Home Loan Center. It has packaged $9 million in unconventional mortgages, largely for rehabilitation of inner-city housing in the past nine months. This activity is to be expanded.

In General

This company and its subsidiaries have a specific affirmative action goal that will have a salutary effect on inner-city employment, and we are vigorously pursuing it.

We have an expanding commitment to aiding minority and inner-city businesses, and urban redevelopment.

We project a balanced expansion inclusive of both urban and rural Washington, and to a lesser extent in Idaho, Oregon and Northern California. Activities designed to aid the economically disadvantaged are to be an integral part of all company operations.

Sincerely,

George W. Scott
Vice President and Manager
Social Policy Department

TEXAS COMMERCE BANK
NATIONAL ASSOCIATION

December 30, 1977

BEN F. LOVE
Senior Chairman of the Board

HOUSTON, 77001

Representative Henry S. Reuss
Chairman of the Subcommittee on the City
Committee on Banking, Finance & Urban Affairs
U. S. House of Representatives
Washington, D. C. 20515

Dear Representative Reuss:

Texas Commerce and its predecessor banks, long-standing members of Houston's business community, must and will continue to play a productive role in the local economy. TCBK's commitment to the revitalization of the downtown Houston area is evidenced by our involvement with and support of local community activities.

Our facilities housing a total staff of 1,450 employees are located in the heart of the downtown area. And, due to the vibrant economic growth and increased banking activities of the Houston area, plans are well underway to expand our facilities by constructing, in downtown Houston, a significant addition to the city's skyline during 1978-1979.

The very life of the Bank is dependent on its ability to attract qualified applicants and retain employees. Continually, the Bank evaluates working conditions, career opportunities, policies and remuneration in order to maintain a competitive position as a downtown employer. We are regularly evaluating and increasing our recruiting activities in order to attract and retain the most qualified individual.

Through cooperation with local skill centers, schools, the Urban League office and other agencies have proven to be valuable recruiting sources. As well, expanded participation in co-operative education programs with Texas Southern University and the University of Houston have been viable means for individuals to explore banking as a possible career. Increased advertising of positions not only in the major Houston newspapers but in the smaller community newspapers has attracted many qualified applicants from the Central City area.

Texas Commerce Bank

By promulgating job-strangling rules and business-curbing regulations based on incomplete thoughts, the EPA has given many employers and office building developers cause to re-evaluate their productive and job-creating commitments to downtown Houston. Accordingly, the federal government could spend taxpayer dollars more wisely on the development of new means of mass transportation which would allow the unemployed and underemployed access to jobs in the urban market.

Thank you for this opportunity to address such an important issue. The very fact that you, as a Committee, are focusing on the problem in this manner gives hope that a solution will be forthcoming due to your continuing efforts.

Sincerely yours,

Ben Love

Ben F. Love

VALLEY NATIONAL BANK

MEMBER FEDERAL RESERVE SYSTEM HOME OFFICE: PHOENIX, ARIZONA

J. WILSON BARRETT
VICE CHAIRMAN OF THE BOARD

PHOENIX
P. O. BOX 71 85001
PHONE 602-261-2225

December 29, 1977

U. S. House of Representatives
Subcommittee on the City Committee on
Banking, Finance and Urban Affairs
604 House Office Building, Annex 1
Washington, D. C. 20515

Attention: Mr. Henry S. Reuss, Chairman

Gentlemen:

I am responding to your recent letter to Mr. Gilbert F. Bradley, our chairman, inquiring about the plight of our central cities and their employment problems as it relates to our city and operation.

While I am under the assumption that your questions were directed mainly to general business, I will try to answer as it relates to the operation of our business, banking.

1) At the present time our headquarters and seven branches are located in the Phoenix central core area. In the second largest city in Arizona, Tucson, we have our southern division headquarters and two branches in the central city area. These operations employ 1,702 people out of a total work force of 5,420 expanding throughout 176 branches and two computer centers.

2) There are no immediate plans to expand either the headquarters or branch operations in the next five years in these cities. There is a tentative plan to close one branch operation in the central city core area. The reasons for closing this office are declining business, substantial operations losses, and high security costs. In general, it is an economic failure. This is a small branch employing only 12 people.

3) Our Personnel Department in the headquarters area, which services the entire city of Phoenix, works extensively with various state and federally funded skill centers in both recruiting efforts and in training efforts - such organizations as OIC,

Urban League, SER, and other types of disadvantaged assistance units. We have special budgets for additional training of disadvantaged and under-achievers in the clerical area. We also have special programs and special allocated budgets for the training of minimum qualified people to higher levels; namely, tellers. These for the most part come from the central core or peripheral areas. Over the course of a year we hire into these training areas approximately 280 people from the central city area who could be considered under-achievers. In addition to that we operate and maintain specialty skill centers of our own, designed to take semi-skilled workers and update their skills in clerical work to a higher level.

4) The biggest disadvantage to expanding any of our operations in the central area, such as data centers or warehouses, are several:

(A) The cost of acquiring, clearing and developing advantageous sites at a realistic rate;

(B) A heavy state, county and city tax on real estate in the central area compared to the outlying areas where land is easily assembled and the tax base is more realistic;

(C) Transportation to the inner city from the outlying areas. A better freeway system has been blocked in our city. Completion of this would contribute greatly towards improving central city conditions;

(D) It would be helpful if the federal government would make every effort to locate its facilities in the central core areas. Many governmental agencies are springing up rapidly in a growth area such as Phoenix requiring space needs. A governmental preferential policy toward central city leasing of office space and parking facilities would be helpful. A preferential Central City allowance might be

developed by GAO similar to job preference for veterans on government jobs. Perhaps a ?% higher bid in central city would automatically be considered.

Inducing employees to enter the central city at anything other than very normal working hours is another problem.

I think the federal government could give some consideration to a tax incentive plan for central city developers. Perhaps this could be similar to our investment tax credit or something along the concept of the federal Unemployment Tax Act. The purpose would be to provide a significant tax savings as incentive to develop central city core property towards a productive goal. It is true that successful, affluent businesses would probably be the most likely candidates to qualify for this type of incentive but, to me, that is exactly what the central city core needs. Such hand-in-hand cooperation by government and business might go far in solving some of our central city problems. Such a plan would have to have significant monetary advantages as an offset to the many obstacles that would be encountered.

The need is great and I am pleased to see your committee concerned with the problem and, hopefully, these general comments have been of some informational value to you.

Sincerely,

23-313 O - 78 - 31

Wachovia

John G. Medlin Jr.
President

Wachovia Bank & Trust Company, N.A.
P.O. Box 3099
Winston-Salem, NC 27102

November 23, 1977

The Honorable Henry S. Reuss, Chairman
Subcommittee on the City
Committee on Banking, Finance and Urban Affairs
United States House of Representatives
604 House Office Building, Annex 1
Washington, D. C. 20515

Dear Mr. Chairman:

It is not practically possible to give specific and concise answers to the questions raised in your letter of November 14 considering the wide diversity of this state, its cities and the statewide branch nature of this bank's operations. The 75 cities and towns in which Wachovia operates are relatively small by national standards. They range in size and nature from small, predominantly agricultural communities of a few thousand to the largest urban area of about one-quarter million people. Perhaps none of them would qualify as having a "central city" with a "plight" as envisioned in your letter.

Our bank's stated objectives and practices all emanate from a fundamental commitment to serve in balanced fashion the best interests of shareholders, customers, employees and the public at large. The public service portion of this commitment necessarily manifests itself in many different ways, depending on the characteristics and needs of the various localities where we are privileged to operate. For example, specific answers to the four questions would be quite different for cities in the industrial Piedmont as compared to towns in the agrarian east or mountainous west.

This, in itself, illustrates a major difficulty in various units and functions of government attempting to evaluate and solve problems of this large and diverse nation in a standardized and simplistic format. Clearly, problems of the large metropolitan areas of the northeast may not be best approached in the same manner as the more typical population centers of the southeast. While I applaud the concerns and apparent objectives of the Subcommittee, I question whether the results of this expensive information-gathering process will be helpful in formulating universally meaningful and workable proposals.

With respect to question No. 4 as it relates to the state of North Carolina and its banking system, the most helpful new governmental policy would be to cease adding encumbrances which increasingly impede the successful pursuit of our present statutory obligation to serve the four constituencies mentioned above in a responsible and balanced fashion. Increasingly, our people are diverted from their normal customers and public service activities to gather information which is often of questionable use and relevance in response to questionnaires and studies from all facets of government.

In addition, the rapidly growing and increasingly complex procedures and paperwork arising from so-called consumer protection legislation are adding inordinately to the expense of serving customers and to the costs they must share. Our people are necessarily forced to concentrate more on the technical and legal side of the customer service process and less on the human needs and personal service. This is not to say each additional step of consumer protection and bank regulation has not been without some merit. But many have arisen from the isolated abuses of a few that could have and should have been dealt with vigorously and effectively under existing laws and regulations.

Our bank constantly strives to promote the strength and progress of all segments of the private sector in our market areas. We believe that the health, vitality, and effective functioning of the private sector offers the only fundamental and long-lasting solution to such problems as the plight of central cities and unemployment. In summary, if government will trust banking a little more and stop diverting banking's attention and time away from pursuit of the responsibilities inherent in its public charter, the public interest would truly be better served.

This response is offered with respect and appreciation for the objectives and responsibilities of the Subcommittee and its members. You have always spoken with candor and clarity, and perhaps at times our industry is too timid in likewise presenting the substantial merits and successful performance of the banking profession in meeting its broad and specific responsibilities. For the public interest to truly be served, there must be an improved quality, and perhaps a reduced quantity, of information flow and regulation as well as a better understanding between the practical and the theoretical world of banking.

It was good having you in Winston-Salem and at Wachovia last year. I hope we can have the pleasure of your company at some time in the future for a longer exposure to daily life in one of the nation's leading banks. With best wishes for continued successful pursuit of your important responsibilities,

Sincerely,

John G. Medlin, Jr.

John G. Medlin, Jr.

WELLS FARGO BANK
NATIONAL ASSOCIATION

ROBERT L. JOSS
Senior Vice President

475 SANSOME STREET
POST OFFICE BOX 44026
SAN FRANCISCO, CALIFORNIA 94144

December 27, 1977

Honorable Henry S. Reuss, Chairman
Subcommittee on the City
Committee on Banking, Finance and
Urban Affairs
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Mr. Chairman:

Wells Fargo is pleased to have the opportunity to respond to the questions you have addressed in your letter of November 14 concerning the plight of our central cities. I have below repeated your four specific questions, and provided our information and thoughts after each one.

1. Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?

   A large number of our banking and operations offices are in major central cities, since we are located where our customers and employees live. About 55 percent of our employees work in offices located within the six metropolitan centers of San Francisco, Los Angeles, Sacramento, San Jose, San Diego, and Oakland, California.

2. What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?

   At present, we have no plans to contract any operations within central cities, and have plans to expand in some of them. The major factor influencing our plans is the long-run return

possible from investment in a particular facility. This, in turn, is highly dependent upon the presence of a sufficiently large and prosperous customer base to permit profitable operation. We have to locate where economically viable customers want to do business. That is how we can grow and provide additional jobs and opportunities for our employees.

3. What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?

We have employment specialists who are specifically dedicated to building links between our company and community organizations which train and place disadvantaged workers. We also conduct special training courses for entry-level employees, and accelerated career development programs for those who can and want to advance.

4. Which existing federal, state or local policies, if any, discourage you from maintaining or locating operations in central cities? What new governmental policies would encourage you to maintain or locate operations in these areas?

All government policies and programs which directly or indirectly discourage population, investment, employment, and income growth in central cities have a negative effect on our central city marketplace; and since we must ultimately locate and operate to serve our customers, these policy consequences discourage us from central city operation. I refer specifically to such existing government policies and programs as municipal rent control, discriminatory local business taxation (both property and income), multiple and conflicting agencies involved in issuing permits and approvals for construction (e.g., environmental impact, coastal impact, building codes, locality codes, city planning, fire codes, parking ratios, building sizes and design, property set-backs, greenbelts, neighborhood association restrictions), inferior public schools, inadequate crime control, artificially cheap energy encouraging automobile commuting, welfare programs encouraging families to break up, disincentives to invest and locate in central cities, a tax bias in favor of new investment rather than rehabilitation expenditures, and social program biases in favor of non-productive location in central cities rather than relocation to more productive economic environments.

Rather than new government policies, our central cities would benefit from better definition, coordination, and implementation of the ones we have. I think the foregoing list of government

program deficiencies suggests its own solution -- simply examining carefully the intent and real impact of existing policy. If your subcommittee could do only this, it would perform a valuable and long-overdue task. We offer our encouragement to your effort.

Sincerely,

Robert L. Joss
Senior Vice President

B. DIVERSIFIED FINANCIAL

AMERICAN EXPRESS COMPANY AMERICAN EXPRESS PLAZA NEW YORK N.Y. 10004

JAMES D. ROBINSON III
CHAIRMAN

December 23, 1977

Dear Chairman Reuss:

I am happy to reply to your letter asking about American Express Company's commitment to our nation's central cities.

American Express Company was founded in 1850 and has been headquartered in New York City's downtown financial district since 1852. At the height of the City's fiscal crisis, we renewed our commitment to the city when we purchased a new 40-story office building--American Express Plaza--to be our world headquarters. In ceremonies dedicating the building last year, we described our decision to stay as "an act of faith in New York's ability to remain one of the world's pre-eminent centers of art and commerce."

After analyzing alternatives, we had concluded that American Express, with its wide range of travel related and financial services, should stay in New York. We feel, moreover, that large cities, with their concentration of services and clients, are especially appropriate as headquarters centers for service companies.

Of the 24,000 persons employed by American Express Company and its subsidiaries in the United States, some 6,000 of them work in New York City--4,000 in American Express Plaza.

Virtually all 24,000 are employed in metropolitan areas--primarily in New York, Phoenix, Fort Lauderdale-Hollywood, and San Francisco--defined by the Labor Department as regions of high unemployment. Our Company's volume of business has been growing, and we expect to maintain or increase employment levels in these metropolitan areas.

In areas where we have major facilities, we have established programs to recruit summer employees as needed from local high schools, with emphasis on schools in poorer neighborhoods, and to train them for permanent entry-level positions when they graduate.

Our strong historical commitment to central cities; the nature of our services, which we believe are more efficiently performed there; and the recent commitment of New York City to improve its climate as a place in which to do business, support us in our intention to continue to perform our service in central cities. We would, of course, be further encouraged by any lowering of the tax and crime rates in the central cities. It would be a further signal to those who live and work there that our cities are determined to effectively compete with surrounding areas.

If I can be of any further assistance to your subcommittee, please don't hesitate to write me.

Sincerely,

Jim Slaton

Where Thousands Save Millions!

THE BROADVIEW SAVINGS AND LOAN COMPANY

PHONE: 351-2200 CLEVELAND, OHIO 44109

MAIN OFFICE: 4221 PEARL ROAD

December 19, 1977

U. S. House of Representatives
Subcommittee on the City of the Committee
on Banking Finance and Urban Affairs
604 House Office Building, Annex 1
Washington, D.C. 20515

Dear Sirs:

This letter is in answer to your request of November 14, 1977, seeking information about some of the activities of this company and its central city locations. Being a service organization, chartered with a commitment to the local community, we do not have the flexibility of a manufacturing corporation in being able to move our corporate facilities to another community within the state or to other parts of the country. Thus, we are committed to activities which will strengthen both the central city and the surrounding suburbs.

In answer to your specific questions, we offer the following:

1. Within the corporate borders of the city of Cleveland, we presently have operations at eight different locations. These include the headquarters facilities of the company, six branch offices, and the headquarters of two subsidiaries. The total work force in all of these facilities is approximately 150 out of a total work force of approximately 500.

2. Over the next five years, we will probably open one or two additional branches within the central city. One of these branches is scheduled to be open within the next two months. Location of others will be determined by population trends and the probability of financial success of such an operation. A new headquarters location is in the discussion stages and its location will be determined by its geographical convenience to our retail facilities and its accessibility by staff and customers. Its location in the central city or in a suburb will be determined by these factors, plus the availability of an appropriate piece of land. We also have plans to expand

to other central cities not presently served by our facilities, including the cities of Akron, Canton, and perhaps Youngstown and Warren. Again, the receptivity of new business to these areas, the general economic climate, and the probability of financial success will be the determinants.

3. Our recruitment and job training activities, particularly at the entry level, are aimed at the unemployed in the central cities, as well as unemployed in the surrounding areas. We use the two main newspapers, which have wide circulation both in the central city and the suburbs, for both entry level and advanced employee solicitation. We also provide EEO letters to employment agencies seeking potential new hires and we work regularly through the Ohio Bureau of Employment Services. Our job training is similar for all entry level personnel, whether from the central city or not, since most of our hires are untrained and frequently without prior job experience.

4. One option available to this company in locating its new headquarters was to move into the downtown area of the central city. (Our headquarters is not and never has been located in the downtown area but has always been located in the central city.) During the past year or so, it appeared that the city of Cleveland was giving a strong boost toward making the city a more desirable location for future growth and expansion by offering real estate tax abatement to encourage major new downtown developments. Unfortunately, a new city administration, elected in November, made it clear that there would be no further tax abatements. This administration went further and attempted to have the tax abatement benefits removed from these new projects. This atmosphere is not such that it will encourage new businesses to move to the central city or even to redevelop or expand in view of similar incentives offered in other communities, some within the same market area. It is further discouraging to note that the attacks on the tax abatement concept fail to understand how tax abatement works and assume that there is a direct and immediate loss of taxes to the school and other entities within the community needing these revenues. While specific policies to encourage maintenance or location of operation in the central city areas are difficult to identify, the overall atmosphere created by local governments is important. If an institution is invited and encouraged to move to a suburban area, and the central city makes it clear they want to discourage them from coming in, the decision for those businesses is easy.

We are very pleased to see that your committee is investigating this serious matter and we can only hope that you will be able to come up with some recommendations that will strengthen the central city and all of our older metropolitan areas. Most of us are involved in civic endeavors that make the central city a better place in which to live. As the largest savings and loan in the state of Ohio and being located in the

largest metropolitan area, we have a great interest in the future of this area. If our testimony or additional information would be of value to your committee, we would be happy to prepare a presentation for you. Meanwhile, we hope the information we have provided is useful to you.

Very truly yours,

J. E. Rupert
President

City Investing Company
9100 Wilshire Boulevard
Beverly Hills, California 90212
213-278-2690

GEO T SCHARFFENBERGER - CHAIRMAN AND CHIEF EXECUTIVE OFFICER

November 21, 1977

Hon. Henry S. Reuss, Chairman
Subcommittee on the City
Committee on Banking, Finance & Urban Affairs
on the Ninety-Fifth Congress
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Mr. Chairman:

In response to your letter of November 14, 1977, I had some difficulty arriving at the answers to the statistical questions which are posed because fo the diversified nature of this company.

Many of our operations are located in central cities and obviously the problem in giving you a precise figure on the number of employees is that of definition, but I would estimate that approximately one-third (or 12, 000) of our present employees are located in what I would term as a central city, i.e. within a large metropolitan area.

Our plans for expansion or contraction of these operations in the next five years are entirely a function of our growth in sales for the areas of our business which these locations in turn either supply or service. The potential for growth varies in terms of function or market development, shipping costs, etc. but in general I would estimate that we would expect that unemployment in these areas would grow approximately 10% in the next five years.

In answer to question No. 3 with respect to recruitment, all of our companies have job training programs and attempt to find employees who respond to our equal opportunity program. I do not believe that this specifically is pointed at the unemployed as such. I believe that many of the people who we employ are, at the time of their employment, unemployed but I have no measure as to what degree our programs specifically are directed to such an area.

In answer to question No. 4, I am sure you will hear from almost all the businessmen who respond to you that the ever growing amount of government regulation is most discouraging to businessmen and this seems

to be greater in metropolitan areas than it is elsewhere, particularly arising at the state or local level.

In keeping with that response, my reply to the last sentence of your question No. 4 would be to hope that there would be the fewest possible (i.e. new governmental policies). I have yet to find a substitute for economic opportunity and economic advantage and these do not exist where taxes are high or, as is now becoming the case, utilities, particularly where owned by a government unit, are establishing rates which are directed to discourage usage, in other words, a large user being charged more presumably in the hopes of achieving some sort of subsidy for the underprivileged, or even not inderprivileged, small user.

I enclose a clipping from the Christian Science Monitor of November 17th which may be of interest to you.

Cordially,

(The Christian Science Monitor article referred to may be found in the files of the Subcommittee)

FIRST CHARTER FINANCIAL CORPORATION
9465 WILSHIRE BOULEVARD • BEVERLY HILLS, CALIFORNIA 90212 • TELEPHONE 878 1400 • 273 3300

December 9, 1977

U. S. House of Representatives
Subcommittee on the City Committee
on Banking, Finance & Urban Affairs
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Sirs:

The following is submitted in response to your letter dated November 14, 1977, concerning the plight of our central cities.

First Charter Financial Corporation and its primary subsidiary, American Savings and Loan Association, have, as a matter of corporate policy, made an effort to maintain and expand its operations in the central cities.

American Savings and Loan Association, which represents approximately 98% of the assets of First Charter Financial Corporation, is regulated both by the Federal Home Loan Bank System and the California Department of Savings and Loan. American Savings is not allowed to branch outside the State of California. Accordingly, all of its branch facilities are within the state. In your letter, you requested responses to the four following questions:

1. Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?

   Answer: Please refer to Exhibit No. 1 attached.

2. What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?

   Answer: It is our intention to expand our operations in the central cities during the next five years. Limitations on such expansion primarily result from how many additional savings and loan branches our firm will be allowed to open

in the future. As your committee may be aware, branching for state chartered savings and loan associations is regulated by the California Department of Savings and Loan; therefore, our ability to expand in the central cities is primarily dependent upon what latitude we are allowed by that state regulatory agency.

3. What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?

Answer: Please refer to Exhibit No. 2 attached.

First Charter Financial and American Savings have an extremely active program to work with the central cities recruitment sources listed in Exhibit No. 2.

4. Which existing federal, state or local policies, if any, discourage you from maintaining or locating operations in central cities? What new governmental policies would encourage you to maintain or locate operations in these areas?

Answer: Not meaning to be disrespectful, but we feel that many of the problems experienced by the central cities today are a result of current governmental policies, regulations and general involvement. With the best of intentions, local, state and federal governmental bodies have inundated the central cities with overlapping, sometimes conflicting, and often wasteful programs. These efforts seem to compound the problems they are intended to cure.

While it may be politically naive to think that a single governmental body could be given authority over certain of our more troubled central cities, we suggest that such approach could result in considerable governmental efficiency. The priorities of this proposed body should be:

A. Provide top quality police protection for the area.

B. Provide extremely high quality educational facilities with emphasis on very small classes and premium salaries to attract top teachers.

23-313 O - 78 - 32

C. Provide top level sanitation and municipal services to improve the appearance and utility of public streets and thoroughfares.

D. Provide recreational facilities that have well trained staffs which will help encourage the community's inhabitants to use their leisure time in more productive and helpful ways.

E. Provide inexpensive and dependable public transportation within the central cities.

F. Provide tax incentives to help attract business and other employers back to the central cities.

G. Under current local real estate tax structure, individuals are penalized for improving the value of their property. This arrangement, particularly in the central cities, should be reversed. At least a real estate tax program should be developed whereby taxes in the central cities are not increased because property has been improved.

These suggestions, if incorporated as part of a comprehensive program, would be very expensive, and the money would come from the taxpayers. However, the problem is of considerable proportion, and corrective efforts will also have to be substantial.

Very truly yours,

William J. Popejoy
President

Enclosures (2)

EXHIBIT NO. 1

Combined "Central City" Savings, Loan, and Administration Branch Locations and Manpower Levels

10/30/77

	Manpower	% of Workforce
Southern California		
Los Angeles - Downtown 8th St.	9	
Los Angeles - Wilshire Center	5	
Totals	14	1.3
Northern California		
San Francisco - Kearny St.	33	
- Irving St.	13	
- Geary St.	15	
- Polk St.	12	
- Noriega	29	
- Embarcadero	3	
San Jose - Downtown Santa Clara St.	73	
Oakland - Broadway Ave.	11	
- Telegraph St.	24	
- Fruitvale Ave.	10	
- MacArthur Ave.	12	
- Grandlake	11	
Berkeley - Downtown Berkeley Square	18	
Sacramento - Downtown 8th St.	12	
Totals	276	28.9
Statewide - Grand Totals	290	14.3%

EXHIBIT NO. 2

CENTRAL CITY
MINORITY RECRUITMENT SOURCES

Southern California

CORE
5140 South Crenshaw
Los Angeles, California

Indian Center, Inc.
1111 West Washington Blvd.
Los Angeles, California

Mexican American Opportunity Foundation
2834 Whittier Boulevard
Los Angeles, California

Operation S.E.R.
1403 Pico Boulevard
Los Angeles, California

O.I.C.
1032-34 W. Santa Barbara Ave.
Los Angeles, California

Pacific Asian Consortium in Employment
1440 W. Venice Boulevard
Los Angeles, California

Urban Indian Development Association
1541 Wilshire Boulevard
Los Angeles, California

Urban League
3450 Mt. Vernon Drive
Los Angeles, California

Venice Skill Center
611 Fifth Avenue
Venice, California

Locally funded CETA Programs

Northern California

(San Francisco)

Bay Area Urban League
234 Van Ness Avenue
San Francisco, California

Chinese for Affirmative Action
669 Clay Street
San Francisco, California

OBECA - Arriba Juntos
2940 16th Street
San Francisco, California

Operation SER
3000 Falsom
San Francisco, California

O.I.C.
1830 Market Street
San Francisco, California

Locally Funded W.I.N. Programs

(Oakland)

Bay Area Jobs - Catholic Charities
433 Jefferson Street
Oakland, California

Bay Area Urban League
1618 San Pablo
Oakland, California

East Bay Skills Center
1100 67th Street
Oakland, California

Spanish Speaking Unity Council
1470 Fruitvale Avenue
Oakland, California

(San Jose)

League of Latin American Citizens
235 E. Santa Clara Street
San Jose, California

O.I.C.
425 S. Market Street
San Jose, California

GREAT WESTERN FINANCIAL CORPORATION

8484 Wilshire Boulevard · Beverly Hills, California 90211 · Area 213 · 658-6060

December 22, 1977

Dear Chairman Reuss:

I appreciate the opportunity to contribute to the information the Subcommittee on the City is gathering.

As a savings and loan organization, Great Western leads all California lenders in providing mortgage credit to those inner city areas which generally are described as mortgage deficient.

Although our lending is an important factor in the current vitality and future vigor of the inner cities, our impact in the area of employment is relatively small, since savings and loans are not large users of manpower. Our responses below are numbered to follow the numbered sequence of the questions in your letter:

1. Great Western maintains two offices in the central city with a total employment of 46.

2. We have no specific plans for expansion of these operations since we believe our present level of manpower and resources devoted to these two offices is sufficient to serve over the foreseeable future. However, should employment and incomes rise in the central cities, with the result that citizens there require additional mortgage and savings services over those now provided, Great Western is prepared to respond to that need.

3. Great Western actively recruits through all major recruiting resources, including the Department of Employment and newspaper classified advertising, for employees in the central city areas. We offer respondents on-the-job training and the opportunity to work throughout the Great Western branch system as well as in the specific inner city offices we operate.

4. Government actions to encourage home ownership in central cities in California would be most welcome. Home ownership already is higher in the disadvantaged areas of the major California cities than it is in most of the United States, but more may be possible.

Great Western Savings is among the savings and loans which have encouraged home ownership through direct lending, and improvement in the housing stock through the operations of such programs as the National Housing Service. We are committed to the support of nine such improvement projects under the shared federal revenue block grant program.

As we observe the central city scene in California, the lenders have responded well to the needs of those who qualify for a "bankable" loan. But private industry, however well intentioned, cannot do much for those whose economic situation prevents them from qualifying for a purchase or improvement loan. Here we are talking about subsidies, grants, guarantees or other programs that will help those who cannot help themselves. I'm sure the Committee has a long list of suggestions along this line, and I won't repeat them. One principle that must be followed, however, for assistance programs to work effectively is that the lender must be at risk for some portion of the loan funds. This is the one way to insure good underwriting practices are followed.

Partnership between government and private industry will help in meeting the needs of the most disadvantaged of our citizens. Giving lenders the authority to use a variety of alternative mortgage instruments also will help, both in providing mortgage flexibility and in helping to reduce the upward pressures on the interest rate.

I hope that modernizing the mortgage instrument and the mortgage system will be given full consideration in relation to the problems of the inner city. I appreciate the opportunity to present my thoughts on this difficult subject.

Cordially,

Stuart

Stuart Davis
Chairman of the Board

INA Corporation
1600 Arch Street
Philadelphia, Pa. 19101
215-241-5051

Ralph S. Saul
Chairman

December 9, 1977

The Honorable Henry S. Reuss, Chairman
Subcommittee on the City Committee on
Banking, Finance and Urban Affairs
of the Ninety-Fifth Congress
U.S. House of Representatives
604 House Office Building Annex 1
Washington, DC 20515

Dear Mr. Reuss:

We are pleased to assist in your committee's work in developing proposals to aid city economies.

Following is a summary of INA Corporation's urban area activities:

1. Three years ago, INA Corporation reaffirmed its long-standing commitment to the city of Philadelphia by adding a 27-floor annex to its home office. Thus we have expanded our central-city operations less than a mile from the site on which INA was founded 185 years ago.

   Of our home office work force of some 4,000 people, only our computer operation is located outside Philadelphia. That group of some 700 people was relocated both for security reasons and because of the architectural and space requirements of our large data processing installation.

   In addition to the home office complex, INA's Philadelphia branch office, employing 230 people, is also located in the city. Similar local offices, employing several hundred people each, are located in dozens of major cities, including New York, Chicago, Los Angeles, Baltimore, San Francisco, and Boston, to name only a few.

   We estimate that slightly less than 50 percent of our national work force is employed in urban areas.

2. Because the major source of our business is other business firms, our principal operations will continue to be in close proximity to theirs. Typically these are urban locations. So while we have no significant plans to either expand or contract our operations in the cities, we expect these facilities to grow as our business expands, thus creating additional urban employment opportunities.

3. The basis of our recruiting efforts in central cities is our affirmative action program. Its emphasis on recruitment of minorities has obvious implications for the populations of urban areas.

   As part of that program, employees in our Philadelphia and field offices have established working relationships with Urban Leagues and similar local organizations. These relationships serve recruiting purposes and at the same time permit our people to help these organizations play a broader role in the welfare of their cities.

   As a long-standing corporate citizen of Philadelphia, we feel a special responsibility to take part in strengthening its economy. For example, the Philadelphia Business Academy, which we sponsor, and the Philadelphia Drafting Academy, which we established, help prepare disadvantaged students, primarily from central city areas, for entrance into the job market. In addition, INA employees serve on a number of boards and commissions in the city, many of which do work that either directly or indirectly affects the employability of inner-city residents.

4. We have made our commitment to be a significant employer in Philadelphia. Expansion of our field offices will be dictated by the demands of the marketplace.

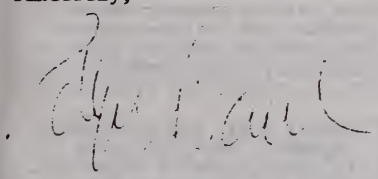
   Because of our commitment to Philadelphia, we are concerned about the urban problems that plague most cities. We are discouraged by rising taxes, both corporate and those paid by employees. Although it's not a severe problem in Philadelphia, adequate mass transportation is not available in many of our urban locations. Even in Philadelphia, however, the possibility of transit strikes and the attendant disruption of our business is of serious concern.

> And, although they are not serious business problems, strikes by sanitation workers and other municipal units are bothersome. And we are, of course, disturbed by the incidence of crime in urban areas, a condition which poses a constant threat to our property and to the safety and well-being of our employees.

As for policies that would encourage us to remain or locate in cities, local, state and federal tax credits and similar incentives would, of course, be strong motivators. Beyond that we would welcome policies that would ameliorate municipal labor problems, crime, and inadequate public transportation. We realize, however, that remedies to such problems are not easily found.

I hope you find the foregoing useful in the work of your committee; please let me know if INA Corporation can be of further assistance.

Sincerely,



Imperial Corporation of America
8787 Complex Drive
San Diego, California 92123
Telephone: (714) 292-6300

January 9, 1978

Honorable Henry S. Reuss, Chairman
Subcommittee on the City
Committee on Banking, Finance and Urban Affairs
604 House Office Building, Annex One
Washington, D.C. 20515

Dear Mr. Reuss and Subcommittee Members:

This letter is sent in response to yours of November 14, 1977, concerning the plight of our central cities and unemployed people in these areas.

Imperial Corporation of America (ICA) is a holding company which owns four subsidiary savings and loan associations in four states. In its capacity as a holding company, ICA does not actually operate any savings facilities. However, our subsidiary organizations do operate such facilities in California, Texas, Kansas and Colorado.

As the parent company, ICA establishes overall goals and guidelines for the operations of its subsidiaries. However, each affiliate is governed by policies established by its local board of directors, most of whom are "outside" directors, elected in accordance with Federal Home Loan Bank Board guidelines.

The attached report was prepared from data submitted to ICA by operating officers in each major region where we have operations. Based on discussions with a Subcommittee staff member, we focused our attention in this report on providing general information about the operations of ICA's affiliates which might have some bearing on central cities and their residents, rather than on providing detailed statistical analysis.

It is hoped that the enclosed material will be of help to the Committee in their work.

Yours sincerely,

V. L. Viskas
President

Enclosure

Mailing Address
Imperial Corporation of America
Post Office Box 631
San Diego, California 92112

SUBCOMMITTEE ON THE CITY
COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS
QUESTIONNAIRE, IMPERIAL CORPORATION OF AMERICA

1) Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?

Central city was defined as an urban area with a minimum population of 50,000 according to 1970 U.S. census data. In answering this question, we classified facilities located in an urban area with 50,000 or more residents within approximately two miles of the office facility as being located in central cities.

Through its subsidiaries, Imperial Corporation of America (ICA) employs about 1,420 people at 165 locations in California, Texas, Kansas and Colorado. It is estimated that 43 percent of these employees or 612 work in central city locations. Some of the largest central city areas where ICA subsidiaries have facilities are in Los Angeles, San Francisco, San Diego, Denver, Houston and Dallas-Fort Worth.

2) What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?

In each major operating area, plans to expand or contract operations are made on the basis of the subsidiary's financial position, marketing conditions, and economic and population projections for the area. These general business criteria are used in developing plans for the location of facilities in any area.

Most importantly, it should be noted that in the savings and loan business, regulatory agencies have the final authority for approving or rejecting proposed locations of savings and loan facilities. As state-chartered associations, ICA's subsidiaries are required to have a state license for each facility operated. Applications for new branch offices, as well as the relocation of existing branches, are reviewed by each state's savings and loan commissioner, whose approval is necessary for any relocation.

3) What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?

The recruitment efforts of our subsidiaries in implementation of affirmative action programs reach central city residents, many of whom are minorities. Minority placement services and state employment department services are utilized by the subsidiaries to locate qualified minority applicants in our operating areas. Central city residents, reached by these recruitment efforts, may be employed either in central city offices or in nearby branches. Additionally, the affirmative action plans provide for advertising in minority media, in order to advise of positions and services available through the association.

4) Which existing federal, state or local policies, if any, discourage you from maintaining or locating operations in central cities? What new governmental policies would encourage you to maintain or locate operations in these areas?

Government policies to stimulate the flow of mortgage funds to central cities could be developed to conserve central city housing supplies and help stabilize residential property values. Programs designed to assist in qualifying disadvantaged potential borrowers in central cities for mortgage funds would be desirable in helping to achieve this objective.

Savings and loans are already making efforts to provide funds to central city residents, both through normal business channels and special programs, as described in (5) below.

5) Additional, related information concerning the involvement of ICA's affiliates in central cities:

ICA's affiliates are active in several special programs directed specifically at central city problems. The California association participates in a number of industry-sponsored programs designed to provide mortgage funds for the rehabilitation of deteriorating neighborhoods and development of housing for low-income families. Among these programs are the Inner City Housing Corp. in Pasadena, the National Association for Housing Partnerships headquartered in Washington, D.C., the Savings Association Mortgage Corp. in San Francisco, and the Home Loan Counseling Centers in Los Angeles and San Diego.

The Colorado association is also participating in a program with other savings and loans to address central city problems in the Denver metropolitan area. Among the program goals are: to conserve existing housing supplies in stable neighborhoods; to encourage ownership of homes 35 years or more of age; to help meet recognized social problems in the Denver area; and to help improve the quality of life in the Denver metropolitan area. The Colorado association is also active in a Neighborhood Housing Services Program designed to stimulate reinvestment in Denver's urban neighborhoods.

As a related matter, it should be noted that the savings and loan industry has developed programs to provide services to areas defined as mortgage deficient. Although the relationship of these areas to central cities has not been defined statistically, it is thought that there is substantial overlap between the central cities and mortgage deficient areas, since both are characterized by a lack of economic resources.

ICA affiliates participate in several programs to provide home loan counseling services and assure equal opportunity for loans to residents of mortgage deficient areas. For instance, an affiliate has established an affirmative loan marketing program in conformance with state regulations to insure that loans are made without regard to a person's race, age, sex, marital status, or the area in which the property is located. Under this program, the association's lending practices are advertised in media reaching mortgage deficient areas, informational materials are distributed to these areas, and contacts are maintained with real estate brokers in these areas.

MGIC Investment Corporation

Max H. Karl
Chairman of the Board
Chief Executive Officer

November 28, 1977

Honorable Henry S. Reuss, Chairman
Subcommittee on the City
Committee on Banking, Finance and
Urban Affairs
U.S. House of Representatives
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Henry:

I am writing in response to your letter of November 14 encouraging the nation's major corporations to focus on central city employment. As you know, MGIC Investment Corporation made a major commitment to the central city of Milwaukee when it constructed its national headquarters offices in new facilities located in an urban renewal area immediately adjacent to our community's City Hall.

At MGIC Plaza, we employ 574 persons directly. Our ten-story Investment Building also has 17 tenant firms which account for 426 additional central city employment positions. Our Division Offices in Los Angeles, Houston, Philadelphia and Atlanta are all in central city locations as well. These four facilities employ 59 persons directly, and we can add to this our regional underwriting offices in the central cities of another twelve communities with an employment force of 67. Overall, 700 out of a total of 795, or eighty-eight percent of MGIC's total work force, is located in central cities. Considering the fact that we cover all 50 states with our operations, we feel this proportion is a measure of our strong commitment to this nation's central cities.

Over the next five years we expect to substantially increase our current operations. This can involve a corresponding increase in the size of the total work force, and we expect most of this growth to be reflected in job openings in central cities. The major factors influencing our capacity to provide more central city jobs will be the degree to which housing and home ownership generally advances in our country.

MGIC Plaza, Milwaukee, Wisconsin 53201, Telephone (414) 347-6400

In response to your inquiry regarding our recruitment and job training activities, I am pleased to relate to you the following: MGIC is actively involved in minority college recruiting; advertises in minority and community news media; places job orders with our State Employment Services Offices; and is a supporter of various community service projects aimed at minority groups.

Regarding your final question as to the constraints imposed by Federal, state, or local policies, I can answer that the safety and the transportation of the work force have always been important considerations in our decisions to locate operations in central cities. Policies made on any level which adversely impact the security of personnel and facilities and which limit the access of employees and customers to business locations are deterrents which might frustrate efforts to locate operations in central cities.

Henry, I heartily agree with you. The plight of our central cities and their unemployed is indeed among the nation's most pressing concerns. Concerted action is and will continue to be needed if we are to make the best possible use of what we have in our cities, and to preserve their link to our national heritage. We at MGIC feel that our commitment to the central city is a strong one and your letter and efforts simply lead us to renew our pledge and commitment to continue our efforts in this area.

Sincerely,

Max

Max H. Karl

TransOhio
Financial Corporation

WARNER B. BISHOP
Chairman

November 30, 1977

The Honorable Henry S. Reuss
Chairman
U.S. House of Representatives
Subcommittee on the City Committee
on Banking, Finance and Urban Affairs
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Congressman Reuss,

In reply to your letter of November 14, I will answer your questions in sequence:

1. Our general corporate headquarters and the headquarters of two of our subsidiaries are located in central cities. Their employment represents approximately 20% of our total work force.

2. The people employed are office and executive personnel and there are no major operations as such. During the past five years we have expanded our forces by approximately 10% per year and are hoping to continue to do so during the next five. This comes about due to the continued growth of our business.

3. Being a supervised industry (the Savings and Loan business) we are highly cognizant of the importance of the inner cities and do our best to encourage restoration of confidence in them and maintenance of their housing and office facilities. We are also a serious equal opportunity employer and hire and train those applicants who are qualified regardless of origin, race or religion. I must be candid in stating that, due to the technical nature of our business, in the recruiting of our headquarter personnel, we have not found it possible specifically to aim our recruiting or job training activities at the unemployed in central cities, which would be more feasible had we manufacturing operations.

One Penton Plaza, Cleveland, Ohio 44114 216/696-2341

4. No existing federal, state or local policies discourage us from maintaining or expanding our operations in central cities. New government policies encouraging central city housing, safety, transportation and improvement of quality of living will help.

Yours very truly,

Warner B. Bishop

Warner B. Bishop

C. LIFE INSURANCE

23-313 O – 78 - 33

Ætna
LIFE & CASUALTY

151 Farmington Avenue
Hartford, Connecticut 06156

Robert F. Phillips
Vice President
Corporate Personnel
Corporate Administration

January 13, 1978

Honorable Henry S. Reuss
Chairman, Subcommittee on the City
Committee on Banking, Finance and Urban Affairs
United States House of Representatives
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Sir:

This is in reply to your November 14, 1977 letter to our Chairman, John H. Filer.

The specific information you requested is provided in the attachment to this letter.

A large financial corporation, like Ætna, has additional opportunities to support the revitalization of central cities. These opportunities include: business loans; major real estate investments; loans to people interested in rehabilitating homes in deteriorated urban areas; donations to educational institutions, charitable programs and community organizations; loaning key employees to local governments or community service programs. The attached Report on Social Responsibility provides a general overview of our activities in these areas.

Please let me know if we can be of any further assistance.

Robert F. Phillips

R. F. Phillips

1. Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?

We estimate that about 22,000, or two-thirds of our employees are located in downtown or fringe of downtown areas.

We have about 32,000 employees in over 300 cities and towns. We have large offices (usually 100 or more people) in or near 68 major urban areas. See the attached chart for a specific listing.

Breakdown of the 68 offices:

Location	No of Offices	No. of employees
Downtown	39	19,419
Fringe of downtown	10	2,308
Suburban	19	4,178
	68	25,905

The remainder (6,100) of our 32,000 employees are in rural areas, towns and smaller cities across the country.

2. What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?

We do not have specific plans to expand or contract our central city operations during the next five years. In 1978, we plan to move three offices from downtown locations to suburban locations. During the past five year period, we have experienced about an 8% growth in our central city workforce. We believe it is reasonable to expect similar growth during the next five years.

Our corporate policy is to try to locate major field offices in central cities. These locations are usually more convenient for our assureds, agents, brokers and employees. We have had to relocate some offices to suburban locations due to employment and leasing conditions.

3. What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?

Our major job-training and recruiting activities aimed at the unemployed are in the Hartford, Connecticut area where our corporate headquarters are located and we employ over 10,000 people.

These activities include:

1. The HIRE Program. We are committed to hiring at least 150 HIRE eligibles countrywide in 1978. One of our Vice Presidents, Samuel Keyes, is an area representative for the HIRE program.

2. Workplaces Program. This is a structured career education program for Hartford students ages 16-20. It is jointly sponsored by the Hartford Board of Education and local businesses. Students combine work experience, formal education and career/life planning to help prepare them for full-time jobs after High School. Ætna is providing jobs to 23 students in this program.

3. Asylum Hill, Inc. This Hartford area organization is working to revitalize an area that has deteriorated in recent years. Asylum Hill, Inc. receives contributions from area businesses and sub-contracts job-training responsibilities to independent trainers. Ætna works with Asylum Hill, Inc. and the trainers to assure a match between the training and jobs available at Ætna. We make a strong effort to employ people after their training. Our corporate headquarters is located in the Asylum Hill area.

4. Student Part-time Program. This program enables students preparing for entry level clerical positions to obtain work experience before taking full-time jobs. There are about 50 people involved in this program at Ætna.

5. Youth Entitlement Act. We are committed to hiring 35 people under this program if the Hartford area receives appropriate federal funding.

6. We also work with about a dozen other groups in the Hartford region to help place unemployed ex-offenders, minority drop-outs, handicapped persons, American Indians and other disadvantaged groups.

Our various field offices also become involved in local programs across the country but we do not keep a formal record of their activities.

4. Which existing federal, state or local policies, if any, discourage you from maintaining or locating operations in central cities? What new governmental policies would encourage you to maintain or locate operations in these areas?

There are no specific governmental policies which discourage us from maintaining or locating operations in central cities. The major problems as we see them are:

1. Inadequate elementary and secondary education systems. The drop-out rate is very high and many "graduates" have not learned basic reading, writing and math skills.

2. Inadequate public transportation for both city residents and suburbanites.

3. High crime rates.

4. Decent and affordable housing for city residents.

5. Urban blight.

Governmental policies and programs responsive to these problems would help make central cities more attractive places in which to live and conduct business.

MAJOR ÆTNA LOCATIONS

CITY	LOCATION: DOWNTOWN	FRINGE OF DOWNTOWN	SUBURBAN	NO. OF EMPLOYEES
ALBANY	X			251
ATLANTA	X			363
AURORA			X	114
BALTIMORE	X			140
BIRMINGHAM	X			153
BOSTON	X			372
BRIDGEPORT			X	251
BROCKTON	X			144
BUFFALO	X			203
CHARLOTTE	X			321
CHICAGO	X			445
CINCINNATI		X		98
CLEVELAND	X			336
COLUMBIA			X	328
DALLAS			X	237
DENVER		X		209
DES MOINES	X			100
DETROIT	X			430
GARDEN CITY	X			257
GRAND RAPIDS			X	272
HARRISBURG			X	130
HARTFORD	X			10,207
HOUSTON			X	420
INDIANAPOLIS			X	236
JACKSON	X			105
KANSAS CITY	X			216
KNOXVILLE			X	104
LOS ANGELES		X		384
LOUISVILLE	X			222
LUBBOCK	X			109
MILWAUKEE	X			286
MINNEAPOLIS	X			261

CITY	DOWNTOWN	FRINGE OF DOWNTOWN	SUBURBAN	NO. OF EMPLOYERS
NASHVILLE			X	157
NEW ORLEANS		X		185
NEW YORK	X			1,099
NORFOLK	X			118
NORTH JERSEY			X	297
OMAHA		X		108
ORANGE		X		218
PHILADELPHIA	X			356
PHOENIX		X		337
PITTSBURGH	X			254
PORTLAND, ME.	X			104
PORTLAND, ORE.	X			427
PROVIDENCE	X			180
READING			X	273
RICHMOND		X		307
ROCHESTER	X			213
SACRAMENTO	X			115
SAGINAW			X	112
ST. LOUIS			X	321
SAN ANTONIO			X	207
SAN BERNARDINO	X			134
SAN FERNANDO	X			129
SAN FRANCISCO	X			242
SEATTLE	X			357
SHREVEPORT	X			142
SOUTH JERSEY			X	144
SPOKANE	X			119
SPRINGFIELD, IL.	X			116
SPRINGFIELD, MA.		X		234
SYRACUSE		X		228
TAMPA			X	400
TULSA			X	120
WASHINGTON, D.C.			X	55
WHEELING	X			79
WHITE PLAINS	X			153
WORCESTER	X			161

Hartford, Connecticut 06152
(203) 243-8811

CONNECTICUT GENERAL
LIFE INSURANCE COMPANY

Robert E. Patricelli, Vice President

December 19, 1977

The Honorable Henry S. Reuss
Chairman
Subcommittee on the City
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Congressman Reuss:

I am writing in response to the November 14 request from the members of the House Subcommittee on the City for information on Connecticut General's operations relative to the needs of central cities. I am happy to respond to your request, and hopefully to be of assistance to your research aimed at revival of cities.

The information you requested is enclosed. We would be interested in receiving any summary you may prepare of your findings.

I hope that our responses will be of assistance to you and your Subcommittee colleagues.

Sincerely,

Robert E. Patricelli

Vice President

Enclosure

RESPONSES TO INQUIRIES FROM
THE HOUSE SUBCOMMITTEE ON THE CITY

1. Question: "Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?"

   Answer: The Home Office of Connecticut General Life Insurance Company is located in Bloomfield, Connecticut. There are 4,300 employees at the Home Office out of a total of 8,600 CG Life employees. The Bloomfield site is within 2 miles of the central city of Hartford, and is therefore quite accessible to Hartford residents. The Company provides subsidized bus service for employees who live in Hartford, as well as for residents of other area cities and towns.

   The Aetna Insurance Company is the property and casualty affiliate of the Connecticut General. The Home Office of the Aetna is in downtown Hartford. Of the 4,400 Aetna employees, just over 1,000 are employed in Hartford.

   On a combined basis, there are over 7,600 CG and Aetna people employed in Field Offices throughout the country. The great majority of these offices are located in central cities or are at least accessible to residents of central cities.

2. Question: "What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?"

   Answer: Our Home and Field Office needs are evaluated on an ongoing basis. While there are no locational decisions currently pending, there is no reason to project that any expansion of facilities and employment would depart from the current pattern of jobs accessible to center city residents.

3. Question: "What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?"

   Answer: Connecticut General and the Aetna Insurance Company participate in the sponsorship of a variety of programs aimed at the unemployed, unskilled youths and adults, high school dropouts and others.

State Employment Offices are utilized by Home Office and Field Office recruiters as a source of locating candidates. Local non-profit agencies such as the Urban League, La Casa de Puerto Rico, Clay Hill Agency and Community Resources for Justice are used as referral sources for the Company's recruiting effort in the city of Hartford.

There are also a number of training programs in which the Company participates. The Church Academy, sponsored by the Urban League of Greater Hartford, is designed specifically to train inner city disadvantaged persons. As a participant in this program, Connecticut General and the Aetna pay for the training of young people to develop their skills for a range of clerical jobs.

During the 15 week training period, the trainees are paid the minimum wage, and upon completion of the program they are guaranteed employment. In November 1977, the Aetna received an award from the Urban League for being one of the founders of this program and an active participant since 1969. A Connecticut General employee serves on the Board of the Church Academy.

Connecticut General also participates in a career education program called "Workplaces." Co-sponsored by the Hartford Public Schools, the Greater Hartford Chamber of Commerce, and twenty-three insurance companies and banks, this program involves part-time work experience for high school juniors in secretarial, accounting and data processing positions with the sponsoring companies. This is the first semester the program has been in operation and Connecticut General and the Aetna employ seven students. In addition, a Connecticut General employee has served on the Executive Committee of "Workplaces" since its inception in February 1977. The Company has also donated equipment and supplies to this program, and to its predecessor, the "Job Readiness Program."

Connecticut General also participates in other training programs, such as the Work Experience Program, Waverly Opportunities Workshop (WOW), and Project 70001. The Work Experience Program provides a week long in-company orientation for area high school students. WOW is a community service training program for adults to prepare them for employment.

Project 70001 is a national job training and placement program for young people who have left high school before graduation. Working through local chapters, unemployed high school dropouts study for their high school equivalency degree, and receive training tailored to a local company's specific needs.

Currently, the Company is working closely with the City of Hartford and the Hartford Public Schools on the development of a project for Federal funding under the "Sarasin Youth Entitlement Program." If successful, this project will involve the creation of some 700 private sector jobs, with funding by local corporations of the complementary educational component of this program.

4. Question: "Which existing federal, state or local policies, if any, discourage you from maintaining or locating operations in central cities? What new governmental policies would encourage you to maintain or locate operations in these areas?"

Answer: Although no major locational decisions are currently pending, there are a number of factors that would have a significant impact on such a decision. These factors are:

--property and other taxes

--quality of schools

--availability of a skilled work force

--safety of commercial and neighborhood areas

--accessibility of location for employees and connections to interstate road, rail and air transportation.

Connecticut Mutual Life INSURANCE COMPANY

140 Garden Street, Hartford, Connecticut 06115 Tel. (203) 549-4111

arry F. Merrow, Senior Vice President

December 8, 1977

Mr. Henry S. Reuss, Chairman
Subcommittee on the City
Committee on Banking, Finance & Urban Affairs
604 House Office Building, Annex 1
Washington, DC 20515

Dear Mr. Reuss:

We appreciate very much your seeking out our opinion in regard to the plight of our central cities. Mr. Bates, our Chairman, and I have discussed your letter and will respond by addressing each of your questions separately.

1. Our headquarters is located very close to downtown Hartford and we employ 1500 employees at our Home Office. We also do business in 100 cities throughout the United States. For the most part, these are central cities which are in varying degrees of trouble, as you noted in your letter. In these cities, we employ approximately 2100 sales personnel as well as 1000 administrative and clerical personnel.

2. We plan to continue our Home Office operations in Greater Hartford, adding people as necessary to accommodate our growth. In general, we plan to do the same thing in the cities in which we are now operating. Because expansion in cities outside of Hartford is dictated solely by sales growth, we do not have an accurate fix on the numbers that would be involved. However, we have experienced steady growth over the years and we do expect that our operations in almost every city will expand in some way.

3. Most of the job training activities aimed at relieving unemployment are carried on here in Hartford and we participate in a number of such programs. One such program that we have participated in for eight years takes unskilled minority women and trains them in basic clerical skills. We work closely with the educational system of the City of Hartford in regard to on-going work study programs. We are also participating in a new program called Work Places, which is designed to provide on-the-job experience to high

school students who do not plan to go to college. This is a city-wide program in which practically all of the major corporations in Hartford participate. Perhaps our strongest contribution in upgrading the level of inner-city workers is our skills training program. This is an internal program that not only involves basic skills, but also addresses social training; that is, the capacity to adapt to the modes of behavior of corporate life. What we try to do is to provide good counseling to help participants through the transition period from the environment associated with unemployment and the corporate environment.

4. By way of a general response, we would like to be reassured that the Federal and State Governments fully comprehend just how serious is the plight of the cities. Programs that recognize the need to attract people back to the city are especially important if the cities are ever to achieve the level of revenues required to deliver services. In the central cities, programs to create meaningful employment opportunities obviously should have priority. Also, among the more obvious are the creation of mass transit facilities which will assist central city residents to get to and from employment economically and easily.

While most of our efforts have been concentrated on working with the Hartford city government and the business community in attempting to stabilize and revitalize Hartford, the need in other cities is just as acute. We certainly hope that the efforts of you and your committee will focus further attention on all central cities in trouble and will result in actions that will help alleviate their problems.

Sincerely,

Harry J Morand

Senior Vice President

THE EQUITABLE LIFE ASSURANCE SOCIETY
OF THE UNITED STATES

1285 AVENUE OF THE AMERICAS, NEW YORK, N. Y. 10019

WARD A. ROBIE
ior Vice President

January 24, 1978

The Honorable Henry S. Reuss
Chairman, Subcommittee on the City
Committee on Banking, Finance and Urban Affairs
U.S. House of Representatives
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Mr. Reuss:

Your recent letter to President Coy G. Eklund has been referred to me. We share your interest in the central cities and the unemployed, and we support the work of your committee in these areas. While there is some overlap in the questions you posed, I will attempt to respond in the same sequence.

1. Since The Equitable provides insurance and investment services nationally, it is quite natural for us to have many of our operations throughout the United States. In fact we are and will continue to be located in hundreds of cities in order to provide these services. The major concentration of people is in our New York City Home Office location where we have approximately 7600 employees. We have 72% of our salaried employee force in the 20 largest cities.

2. It is not anticipated that our total employee population in the 20 major cities listed will increase over the next 5 years. However, we expect to retain a substantial proportion of our population in these cities, even though there may be some realignment of operations. We plan to retain our headquarters operation in New York City, where we employ about 7600 salaried personnel and hire approximately 800-900 new employees per year. Currently, and over the past two years, we have undertaken a realignment of some of our operations, but in doing so we have

maintained a substantial presence in many of the major cities and have generally exceeded challenging affirmative action goals which we establish for all new operations. Our major objectives in this realignment are to provide more efficient service to our policyholders.

3. In the past we have participated in a number of special employment programs, and it is our intent to continue our involvement. Our participation includes: annual commitments since 1968 to the National Alliance of Businessmen program; the employment of ten individuals from the Wildcat Supported Work Program in 1977 plus a loaned executive to that program for one year; and a continuing support of Jobs for Youth, Inc. over the past five years.

4. Many factors are considered when an institution such as ours contemplates the location of any major segment of our operations. A major concern has to relate to the quality and salary levels of the employment market. In general, it has become increasingly difficult to attract competent candidates for employment at competitive salaries in urban centers. Part of the problem appears to be the declining basic skill levels of public school graduates in urban centers over the last several years. We also experience some difficulty in attracting existing employees for transfer to operations in larger cities due to an array of problems - higher taxes, longer and more difficult commuting systems, inflated living costs, etc. Generally, we find that our personnel costs are higher in the central cities than in non-urban locations, and a significant portion of this cost is often attributable to payroll taxes, particularly in New York.

Sincerely,

Edward A. Robie

Edward A. Robie

The Guardian Life Insurance Company of America

201 PARK AVENUE SOUTH • NEW YORK, N. Y. 10003 • 473 3000

JOHN C. ANGLE, F.S.A., *Executive Vice President*

December 2, 1977

The Honorable Henry S. Reuss
Chairman
Subcommittee on the City Committee
on Banking, Finance and Urban Affairs
U.S. House of Representatives
604 House Office Building Annex 1
Washington, D.C. 20515

My dear Mr. Reuss:

I am pleased to respond to your letter of November 14, 1977. It affords us the opportunity to tell you of The Guardian Life's continued operation in New York City as well as in a number of other central cities. At the same time I regret that I cannot give you a commitment that we will remain in New York City. Such a commitment would imply a degree of confidence and trust, which we do not have, in the ability of New York City, New York State and the Federal Government to correct and change the conditions which currently make it so difficult for this company to operate in New York City.

We sincerely want New York City to survive and prosper. During New York's crisis in 1975, The Guardian Life brought $10,000,000 of par value of Municipal Assistance Corporation bonds due in February of 1990 to do its part in easing the financial crisis. We continue to hold the MAC bonds along with $16,000,000 of other New York State securities we purchased in 1976. These investments are tangible evidence of our resolve to do what we prudently can for New York.

Let me also say, with pride, that 100 percent of The Guardian's home office staff works in New York City. Our head office has been in the borough of Manhattan since our founding in 1860. Today, however, we find ourselves facing up to the very real obstacles to competitive operation that abound in New York City. These obstacles revolve around the twin problems of high costs and lowered productivity. In detail, the list includes: premium salary scales that New York employers face in retaining such specialists as computer programmers; the highest energy costs of any area in the United States (a combination of inefficient equipment and high taxes on utility bills); the substantial security costs that we face because New York City's criminal justice system no longer deals with or curbs the activities of the misdemeanant and small criminal; the highest state and city income taxes assessed anywhere in the United States, which take a substantial financial penalty from anyone who works in New York City; an urban school system that does not turn out literate graduates able to cope with the complex clerical work required by today's business; and, finally, a distressing decline in the condition of parks, streets and subways.

23-313 O - 78 - 34

Congressman Reuss, I must point out that one of our principal competitors is a constituent of yours -- The Northwestern Mutual Life Insurance Company of Milwaukee, Wisconsin. We compete across the United States, in some 130 market areas, with the Northwestern and with mutual life insurers who have their principal offices in Des Moines, Iowa, Montpelier, Vermont, Springfield, Massachusetts and Hartford, Connecticut. These non-New York mutual life insurance companies provide home office services at substantially lower operating costs than does one based in New York City. This reflects, in part, lower salary scales (which in turn reflect lower taxes), lower living costs and the psychic attractions which so many young families find in suburban rather than in urban areas.

We are, you must understand, judged by the price of the insurance we sell. I would observe that Congress itself has signalled its interest in throwing a spotlight on those life insurance companies able to deliver insurance at the lowest possible cost. This interest was implicit in the hearings on the life insurance business held by the late Senator Hart. It is implicit in the activities of some 200 staff members at the Federal Trade Commission. It is also implicit in the fiduciary responsibilities assigned those who buy pensions under the Employee Retirement Income Security Act of 1975.

Thank you for reading through this preamble which explains our reservations about the effectiveness of government in these parts. I shall now answer, with some repetition, the four questions you pose in your letter of November 14th:

1. All of The Guardian's 1,000 home office employees work in New York City at a building located at the northeast corner of Union Square at the intersections of 17th Street and Park Avenue South. This has been our home office since 1911. In 1960 we constructed an annex with 95,000 square feet of space which increased our available space by 60% The addition cost $5.5 million but has been a failure as an investment of policyholder funds. Today, our appraisers tell us, the addition has no market value because it could not be leased at rents that would cover direct costs let alone produce a return on the original investment.

   The Guardian maintains a group life and health insurance sales office at 59 Maiden Lane in New York City. We have similar offices in the center of Boston, Philadelphia, Chicago, San Francisco and New Orleans.

2. The Guardian owns sufficient unused space in its building and annex at 201 Park Avenue South to handle the normal growth of our home office staff during the next five years. As I have already observed, we would hesitate to construct new office space here. One economic

reason is that we can lease space in adjacent buildings along Park Avenue South for much less than the occupancy cost of a newly constructed building. Your Subcommittee should understand that construction costs are very high in New York City. Experts tell us that this is due to local building restrictions and to the bargaining strengths of the construction unions who have essentially priced new construction above economic levels in New York City.

3. The Guardian maintains a number of programs aimed at improving the skills of our employees. As one example we periodically conduct classes in basic English and basic mathematics. The classes are taught during the workday by a professional teacher who specializes in working with the educationally disadvantaged. We also offer our employees courses in basic writing, English usage and reading improvement skills. In the Data Processing area, we have substantial programs for training new programmers and spend 10% of our Data Processing budget on education. In this regard it is notable that 41% of our EDP programmers left us during the last year. Many of these were the people who took advantage of the training at The Guardian and then moved on to jobs in suburban locations where the taxes were lower, the commuting shorter and the psychic benefits presumably higher.

4. I will list here some of the existing policies (including the administration of the existing policies) which make operation of a life insurance institution difficult in New York City.

   a. In New York City:

      (1) The criminal justice system no longer deals with the small criminal nor deters him from preying on citizens. Only criminals convicted of capital crimes or large scale thefts ever see trial. As a result we have had to close our buildings and incur security costs for guards that we would not face in other areas.

      (2) Our employees ride to work on dirty subway trains covered with graffiti. Transit Police Chief Sanford D. Garelik was quoted recently in the New York Times as saying:

         "The criminal justice system has not been capable of solving the "graffiti" problem after an initial arrest takes place. In fact, the system has become part of the problem and not the solution."

(3) Drugs are sold openly in Union Square Park which is also a home for methadone patients and unsupervised mental patients.

(4) The highest city and state income taxes in the United States exact a financial penalty from anyone who decides to work in New York City.

(5) The New York public school system no longer functions to produce the paraprofessionals and technical people that have always made up the work force of a financial institution.

(6) Some departments of New York City go out of their way to rebuff attempts by citizens or businesses to do anything about conditions in their area. In working on the 14th Street - Union Square Area Project, we learned that the subway station could be painted only by Transit Authority workers in evening hours at wages double those of straight time for their efforts. In Union Square Park we see CETA employees allowed by municipal union work rules to sweep only with broom and bent shovel; it is against the union rules for the Parks Department to accept gifts of such mechanical equipment as sweepers or vacuums that would improve productivity of workers as well as the appearance of the park. In effect, the citizen is powerless to work to improve a park that is dragging down the entire area.

b. New York State:

(1) The highest State income tax rates of any state in the Union make it difficult for The Guardian to retain professionally and technically trained employees, and in any event, substantially contribute to higher operating costs.

(2) Regulation of insurance by New York State is reaching a state of near paralysis. Letters to the Department are seldom answered in less than four months. Difficult questions take much longer.

The Guardian, as an example, has developed a disability benefit coordinated with Social Security disability benefits. The contract we propose to issue has

languished before the New York State Insurance Department, without action, for two years. The approval staff involved has refused to grant us a public hearing and at the same time has refused to take any action upon the submission.

More generally, most observers find the New York Insurance Department highly resistant to change thus making it more difficult for a New York State company to innovate than it is for those domiciled elsewhere. It is instructive that it was the Northwestern Mutual of Wisconsin which provided the industry leadership for recent changes in the policy loan interest rate. In this movement, New York State was the last state to abandon a 5% policy loan interest rate set during the depression.

c. In our list of problems, we would take the Federal Government to task for:

(1) Failure to enforce the immigration laws.

(2) Its inability to control the flow of narcotics into the United States and especially into New York City.

(3) Its sponsorship of a welfare system that has made New York City a magnate for the unemployed who have none of the skills required by headquarters offices. The welfare system holds welfare recipients in a state of continued dependency. It apparently makes gainful employment an unattractive alternative, while all about us in New York City work needs to be done in rebuilding the city, cleaning the streets, supervising the parks, etc.

We appreciate very much the opportunity to share our thoughts with you.

Sincerely,

John C Angle

Executive Vice President

John Hancock Mutual Life Insurance Company

John Hancock Place
Post Office Box 111
Boston, Massachusetts 02117

Peter Janetos
Second Vice President
Personnel Operations

December 14, 1977

Honorable Henry S. Reuss, Chairman
Committee on Banking, Finance and Urban Affairs
Subcommittee on the City
604 House Office Building Annex 1
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

In response to your recent request of Mr. Bleicken, we are happy to provide the following information about our central city operations. To take your questions in order:

1) The home office of the John Hancock is located in Boston and employs 5,845 employees, 37 percent of the company's total workforce. The remaining 63 percent or 10,148 employees are involved in the sales and servicing of our insurance products. These employees are distributed throughout 39 states and one territory, with representation in 301 offices in 327 cities across the country.

In addition, the John Hancock employs 153 General Agents; these are not direct home office employees but rather hold independent contracts on a franchise basis.

2) In Boston, over the last five years, the home office has experienced a reduction in the workforce due to conscious efforts of automation and operations improvement. Since 1974, there has been a temporary expansion in the home office to meet the needs created by ERISA; however, there are no major plans for expansion other than provisions for slight growth to increase the home office workforce during the next five years.

Plans for expansion or contraction in our offices outside the Boston area depend heavily on business conditions and thus remain extremely fluid.

3) The company actively recruits at 28 high schools in the city of Boston as well as at 17 minority agencies, which include those dealing with the handicapped and ex-offender programs. Recruiting activities consist of tours to the home office, and visits to schools and agencies for speaking engagements covering employment opportunities in the company, job interview techniques, completing applications and resumes, and similar subjects.

Our jobs are listed on a regular basis with the Division of Employment Secruity for the Commonwealth of Massachusetts, which serves as an excellent source for the referral of veterans to us. The company also is participating in the Hire Program nationally.

4) This question is a difficult one to address specifically within the apparent context of your letter, but it appears that a general comment could be applicable. It seems as one assesses the spectrum from something relatively tangible and simple such as the availability of downtown parking spaces as a limiting factor to expansion; to something more complex, and frequently arbitrary, such as determinations by the Federal government of hiring and promotional availability levels of minorities and females (under Executive Order 11246) in center city areas, certain aspects of a dilemma seem to surface. We are confronted with such problems as how to conform with EPA restrictions on parking spaces, which we need in the absence of public transportation, (carpooling is only part of an answer) to the problem in the equal employment opportunity area where there are frequent changes and inconsistencies in emphasis, interpretation and enforcement of regulations. In effect, what happens is we find ourselves complying within one set of conditions and simultaneously in disconformance with another set of conditions and in some instances it becomes clear that the sum effect is that it may be easier to do business in suburbia than in the core city or that Federal government interests at times are in conflict or at cross purposes with their stated purpose.

Sincerely,

Peter Sanitz

Second Vice President

LINCOLN NATIONAL CORPORATION

IAN M. ROLLAND
PRESIDENT

December 14, 1977

Mr. Henry S. Reuss, Chairman
U. S. House of Representatives
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Chairman Reuss:

We are delighted to provide information to your Committee on the Lincoln National Life Insurance Company's attitude toward location of offices in central cities. Attached is a list of all of our offices throughout the United States indicating the cities they are located in, the number of employees and whether or not the office is centrally located. At this time we do not have any significant plans to expand or contract the number of offices within the Lincoln National. We do expect to have normal growth of approximately 5% in people for the next five years. The major factor which has influenced this growth is our building of a sales force throughout the United States

We do not have any specific activity aimed at the unemployed in central cities. We do, however, have one of the most aggressive affirmative action programs which naturally impacts on the unemployed. Our recruitment of minorities and protected class people has been greatly accelerated in the past two years and again that has impacted on the unemployed in the central cities. We do not keep records or statistics that would provide us with specific information on the impact our affirmative action program is having on central city unemployment, however the following information may be viewed as an indicator of the impact of our program.

Applicant flow for minorities - 25%

Hire rate - approximately 25%

Ft. Wayne labor force - 12.6% minority

Current unemployment rate - 5.9%

1301 SOUTH HARRISON STREET
FORT WAYNE / INDIANA / 46801

We do have some comments to make regarding federal, state and local policies as they pertain to central city locations. We have a general impression that state and local policies can provide difficulty in building construction. This manifests itself usually in strict interpretation of building codes which not only causes delay but in the final analysis could cause us not to remodel, construct a new facility, or expand an existing facility. Our experience at this point would indicate that federal policies do not have impact on our expansion of facilities.

We do have some suggestions for your Committee to consider.

1. In order to encourage companies to expand their operations in central cities your Committee might want to explore the possibility of tax advantages for companies who do locate their operations in a central city area.

2. There are programs for Vietnam war veterans that reimburse companies for training so that people are qualified for job openings. You might want to consider this type of program for companies who are actively involved in central city unemployment training and retraining programs.

3. Lastly, the Lincoln has a subsidiary called Lincoln Life Improved Housing Inc. This company was formed as a profit making corporation to enable us to take advantage of the tax credits generated as a result of the deductibility of rehabilitation expenditures under Section 167K of the Internal Revenue Code. Although it is a "for profit" corporation, the program is designed so that the corporation will earn no profits. We recover a portion of the investment in each rehabilitated house through tax credits in addition to all the costs of executive and administrative support required to conduct the program. We have acquired 43 homes and have housed 41 families with a total of over 100 children. The remainder of the homes are in the process of being rehabilitated.

   Section 167K is scheduled to expire December 31, 1977. If no Congressional action is taken this will cause the program and our future plans to end. In 1976, officers of our company testified before the House for the purpose of extending the law through 1977. Presently there is a bill before Congress, HR9251, which will again extend 167K. Hopefully, the bill will receive favorable action in early 1978 and will be retroactive. We would strongly encourage your Committee to see that this bill is enacted. In addition, your Committee might want to study that bill with the idea of extending or broadening the impact of 167K so that more corporations would take advantage. The impact not only strengthens the central city by stabilizing inner-city neighborhoods but the rehabilitation process provides jobs. I have enclosed a copy of a news article which describes our program.

The Lincoln National Life recently faced the question of a downtown location or moving to the suburbs. We decided to remain downtown and have just completed and recently occupied a new 140,000 square foot building. In addition, our present central city location has 800,000 square feet. There is a strong possibility we will be adding another addition in eight to ten years. Our company has made a strong commitment to the central city and we now employ over 3,000 people in our Home Office location. We agree with and support the efforts of your Committee and if any of the officers of our company can provide additional information or testimony, feel free to call upon us.

Sincerely,

Ian Rolland

Ian M. Rolland
President

Enclosure

EASTERN REGION

State/City	Company	# of Employees	Location Centrally	Location Suburb
Connecticut				
Hartford	LNSC	1		X
New Haven	"	1	X	
Maryland				
Baltimore	LNSC	33	X	
"	LNL-Misc.	1	X	
Cumberland	LNSC	2	X	
Hagerstown	"	2	X	
Salisbury	"	2	X	
Massachusetts				
Boston	LNSC	15		X
Salem	"	1	X	
Michigan				
Detroit	LNSC	4		
East Lansing	"	1		X
Grand Rapids	"	17	X	
Saginaw	"	2	X	
Troy	"	12	X	
New Hampshire				
Manchester	LNSC	3	X	
"	LNL-Group Benefit	9	X	
New Jersey				
Clifton	LNSC	21		X
"	LNL-Group Benefit	7		X
East Orange	LNL-Misc.	7	X	
Red Bank	LNSC	2	X	
Ohio				
Akron	LNSC	2		X
Cincinnati	"	21		X
Cleveland	"	12	X	
Columbus	"	14		X
Dayton	"	6		X
Lima	"	1	X	
Middletown	"	6	X	
Toledo	"	6		X
Youngstown	"	7		X
Pennsylvania				
Allentown	LNSC	2		X
Chambersburg	"	1	X	
Erie	"	1		
Harrisburg	"	6		X
Philadelphia	"	20		X
"	LNL-Group Benefit	16		X
Pittsburgh	" " "	9	X	
"	LNSC	19	X	
Rhode Island				
Providence	LNSC	2	X	

EASTERN REGION (Cont.)

State/City	Company	# of Employees	Location Centrally	Location Suburb
Washington DC				
"	LNSC	59		X
"	LNL-Group Benefit	65		X
"	LN-CDC	7	X	
West Virginia				
Charleston	LNSC	5	X	
Martinsburg	"	4	X	

MIDWESTERN REGION

State/City	Company	# of Employees	Location Centrally	Location Suburb
Illinois				
Bloomington	LNSC	1	X	
Champaign	"	6		X
Chicago	"	25	X	
"	LN-CDC	6	X	
"	LNL-Group Benefit	23		X
"	LNC	1	X	
Des Plaines	LNSC	10		X
Elmhurst	"	8		X
Mattoon	"	1		X
Peoria	"	13		X
"	LNL-Group Benefit	10		X
Roanoke	LNSC	2		X
Springfield	"	3		X
Indiana				
Elkhart	LNSC	3	X	
Evansville	"	5	X	
Fort Wayne	LNSC	262	X	
"	LNL	2689	X	
"	LNC	41	X	
"	LN-CDC	5	X	
"	LNC-DC	12	X	X
Gary	LNSC	2		X
Indianapolis	"	16		X
"	LNL-Group Benefit	9	X	
Kokomo	LNSC	2	X	
Lafayette	"	2	X	
Richmond	"	1	X	
Salem	"	1	X	
Seymour	"	2	X	
South Bend	"	20	X	
"	LNL-Group Benefit	13		
Iowa				
Davenport	LNSC	11	X	
Des Moines	"	7		X
Kansas				
Kansas City	LNSC	17		X
Michigan				
Kalamazoo	LNSC	3		X

MIDWESTERN REGION (Cont.)

State/City	Company	# of Employees	Location Centrally	Location Suburb
Minnesota				
Breckenridge	LNSC	2	X	
Duluth	"	1	X	
Minneapolis	LNL-Group Benefit	19		X
"	LNSC	24		X
Rochester	LNSC	2	X	
Missouri				
Clayton	LNSC	10	X	
Columbia	"	2	X	
Springfield	"	4		X
St. Louis	"	19	X	
"	LNL-Group Benefit	21		X
Nebraska				
Lincoln	LNSC	1	X	
Omaha	"	17		X
"	LNL-Group Benefit	2		X
Scottsbluff	LNSC	9	X	
Sidney	"	1	X	
Sioux Falls	"	2		X
North Dakota				
Bismarck	LNSC	2	X	
Fargo	"	10	X	
Wisconsin				
Appleton	LNSC	2		X
Madison	"	12		X
Milwaukee	"	9	X	

SOUTHERN REGION

State/City	Company	# of Employees	Location Centrally	Location Suburb
Alabama				
Birmingham	LNSC	8		X
Huntsville	"	2	X	
Mobile	"	12		X
Montgomery	"	11	X	
Arkansas				
Ft. Smith	LNSC	1		X
Little Rock	"	7		X
Texarkana	"	1	X	
Florida				
Clearwater	LNSC	1		X
Daytona Beach	"	2	X	
Ft. Lauderdale	"	16		X
Ft. Meyers	"	1	X	
Jacksonville	"	14	X	
Lakeland	"	3		X
Miami	"	17	X	
"	LNL-Group Benefit	16	X	
Orlando	LNSC	6	X	

SOUTHERN REGION (Cont.)

State/City	Company	# of Employees	Location Centrally	Location Suburb
Florida (Cont.)				
Pensacola	LNSC	1	X	
Sarasota	"	1	X	
St. Petersburg	"	14		X
Tallahassee	"	1	X	
Tampa	"	1		X
West Palm Beach	"	9		X
Georgia				
Albany	LNSC	2	X	
Atlanta	"	40		X
"	LNL-Group Benefit	17		X
"	LNL-Misc.	10	X	
"	LN-CDC	6	X	
Macon	LNSC	2	X	
Rome	"	3	X	
Kentucky				
Louisville	LNSC	13	X	
Louisiana				
Alexandria	LNSC	1	X	
Baton Rouge	"	14	X	
Monroe	"	1	X	
New Orleans	"	3		X
Ruston	"	2	X	
Shreveport	"	17	X	
Mississippi				
Biloxi	LNSC	2	X	
Jackson	"	5	X	
North Carolina				
Asheville	LNSC	2		X
Charlotte	"	18	X	
"	LNL-Group Benefit	12		X
Fayetteville	LNSC	1	X	
Greensboro	"	1	X	
Raleigh	"	11	X	
Winston-Salem	"	2	X	
Oklahoma				
Oklahoma City	LNSC	14		X
Tulsa	"	1		X
Puerto Rico				
Mayaquez	LNSC	2		X
San Juan	"	22	X	
"	LNL-Group Benefit	4	X	
"	LNL-Misc.	2	X	
South Carolina				
Columbia	LNSC	10	X	
Greenville	"	20	X	

SOUTHERN REGION (Cont.)

State/City	Company	# of Employees	Location Centrally	Location Suburb
Tennessee				
Chattanooga	LNSC	8	X	
Johnson City	"	2	X	
Knoxville	"	6	X	
Memphis	"	8	X	
"	LNL-Group Benefit	11	X	
Nashville	LNSC	16	X	
Texas				
Austin	LNSC	4	X	
Beaumont	"	8	X	
College Station	"	1		
Corpus Christi	"	2	X	
Dallas	"	15		X
"	LNL-Group Benefit	13		X
"	LNL-Misc.	17		X
Eagle Pass	LNSC	1	X	
El Paso	"	10		X
Ft. Worth	"	26	X	
Houston	"	31		X
"	LNL-Group Benefit	18	X	
Laredo	LNSC	1	X	
Longview	"	1	X	
Odessa	"	2	X	
Port Arthur	"	1	X	
San Antonio	"	21	X	
Tyler	"	2	X	
Waco	"	2	X	
Virginia				
Hampton	LNSC	3		X
Norfolk	"	23		X
"	LNL-Group Benefit	11		X
Richmond	LNSC	6		X
Roanoke	"	3	X	

WESTERN REGION

State/City	Company	# of Employees	Location Centrally	Location Suburb
Arizona				
Phoenix	LNSC	15	X	
"	LNL-Group Benefit	10	X	
Tucson	LNSC	1	X	
California				
Burlingame	LNSC	3	X	
Chico	"	2	X	
Encino	"	13	X	
Fresno	"	4	X	
Long Beach	"	8	X	
Los Angeles	"	30	X	
"	LNL-Group Benefit	28	X	
"	LNL-Misc.	1		
Oakland	LNSC	15		X
Pasadena	"	12	X	
Sacramento	"	14	X	

WESTERN REGION (Cont.)

State/City	Company	# of Employees	Location Centrally	Location Suburb
California (Cont.)				
San Bernardino	LNSC	1	X	
San Diego	"	17	X	
San Francisco	"	26	X	
" "	LNL-Group Benefit	33	X	
" "	LNL-Misc	10	X	
" "	LN-CDC	7	X	
San Jose	LNSC	6		X
San Mateo	"	3		X
Santa Ana	"	11	X	
" "	LNL-Group Benefit	18	X	
Santa Barbara	LNSC	1	X	
Santa Rosa	"	5	X	
Ventura	"	7		X
Walnut Creek	"	3		X
Colorado				
Colorado Springs	LNSC	1	X	
Denver	"	21		X
"	LNL-Group Benefit	12		X
Grand Junction	LNSC	1	X	
Hawaii				
Honolulu	LNSC	5	X	
Idaho				
Boise	LNSC	10	X	
Burley	"	1	X	
Montana				
Billings	LNSC	1	X	
Great Falls	"	7	X	
Nevada				
Las Vegas	LNSC	8		X
New Mexico				
Albuquerque	LNSC	10		X
Oregon				
Eugene	LNSC	4	X	
Portland	"	19	X	
"	LNL-Group Benefit	54	X	
Redmond	LNSC	3	X	
Roseburg	"	5	X	
Utah				
Ogden	LNSC	3	X	
Salt Lake City	"	20	X	
" " "	LNL-Group Benefit	10	X	
Washington				
Seattle	LNSC	13	X	
"	LNL-Group Benefit	15	X	
Spokane	LNSC	10	X	

WESTERN REGION (Cont.)

State/City	Company	# of Employees	Location Centrally-Suburb
Wyoming			
Casper	LNSC	3	X
Cheyenne	"	2	X

23-313 O - 78 - 35

FORT WAYNE NEWS-SENTINEL Mon., Nov. 22, 1977

Lincoln's Private Housing Project Making Progress

By ROGER METZGER

Emphasis is shifting to a new area in Lincoln Life Improved Housing's inner city housing rehabilitation program.

Four years ago, the company zeroed in on a six-block area containing 105 houses. Now, it has purchased and upgraded 40 of those structures and says less than a dozen others need any major work.

As a result, the company has started concentrating on an area immediately west bounded by Division, Lewis and Ohio sts. and Maumee Avenue.

"We've pretty much exhausted what we can do in the initial impact area," noted Harlan Holly, president of the Lincoln National Corp., subsidiary founded as a means of meeting the insurance organization's corporate responsibility in the community.

Lincoln Life executives are pleased with the program's progress. The work, done without any federal funds, has attracted inquiries and visits from the Department of Housing and Urban Development and others across the nation.

"One of the unfortunate aspects is the feeling that we can't move fast enough," Holly said. "We wish we had 80 houses by now, but that just hasn't been possible. However, our experience with the ones we have has been very satisfactory."

The company has 44 houses remodeled and occupied by moderate-income families, more than one-third of them single-parent families. Four more units are being remodeled and negotiations are in progress for four others.

Program personnel concentrate on buying vacant houses owned by absentee landlords. They seek units averaging about 1,400 square feet of living space that can be purchased for no more than $2,200.

"Ideally, the house we want is a structurally sound one that's been condemned," explains Donald Suelzer, construction and maintenance director. "We put in all new plumbing, heating and wiring, as well as new wall surfaces, ceilings, siding, roofing, doors and, in some cases, new windows. In effect, it's a new house."

Typical out-of-pocket expenses for renovation are $4,500 per house, not including any allocation for administration of the non-profit program.

Occupants selected by a screening committee are leased the houses on a five-year agreement, with monthly payments including principal and interest to amortize the loan, taxes, insurance and a small maintenance fee.

After five years, the occupant has an option to buy for the balance of a 15-year mortgage.

"The monthly payments are amounting to about $115 to $120, despite rising costs of renovation," Holly notes. "There will be $6,000 to $3,500 left on the typical mortgage when occupant takes it over. That's a darn good buy."

Six families will be eligible to take over the mortgages next September — the first program participants to reach that step.

"Then comes the real test of whether the program is successful," Holly believes. "Then we'll see, after a couple of years, if those homeowners are keeping their mortgage payments up and maintaining the houses. We believe they will, and we'll continue to make some services available to them as needed."

Improving the quality of housing in the area has done more than upgrade appearance, program officials believe.

Noting pride was evident in some residences when the program started, Holly and Suelzer said that pride has spread and a feeling of identification with the neighborhood has developed.

"The key to the success of our program is Margie Burnett, our social worker who has an office in the impact area," Holly emphasized. "Bricks and mortar ... that's easy. She has the most difficult job of all, working in day-to-day relationships as a liaison between the participants and Lincoln.

"She had to establish trust and a positive attitude toward home ownership, something that's quite a change for many folks."

A measure of success for the program has been the fact that the company has taken back only five houses, mostly due to personal decisions unrelated to the program itself. And the company has spent less than $3,000 bringing houses back into sound condition — an acceptable figure attributed to semi-annual inspections.

Officials cite cooperation of the city, including street, alley and lighting improvements; a "really dedicated" board of directors, representing the company and community, and the city's banks, who provide low-interest loans.

Lincoln Life's expenditures have exceeded $500,000 and the tax write-offs it receives through accelerated depreciation for the housing go back into the program.

Richard R. Shinn
President and Chief Executive Officer

Metropolitan Life
One Madison Avenue
New York, N.Y. 10010

The Honorable Henry S. Reuss
Chairman
Subcommittee on the City
United States House of Representatives
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Mr. Reuss

I am deeply concerned, as you are, for the future of our central cities, and I have tried to demonstrate that concern through personal service to New York City during the past few years.

Since its founding in 1868, Metropolitan Life, through a variety of different programs, has shown a deep and continuing awareness of its social responsibilities to New York City. During the last few weeks Metropolitan has committed approximately $16 million to the $40 million "Neighborhood Preservation Areas Loan Program" being undertaken by members of The Association of New York State Life Insurance Companies. This program has been instituted to provide additional mortgage funds for New York State's older, urban neighborhoods which have experienced problems in obtaining mortgage loans.

During the years of 1967-1972, Metropolitan was a major participant in the $2 Billion Urban Investment Program of the Life Insurance Business. The commitment in this program was to invest $2 billion in urban core projects. I am enclosing a Report of this program, which I believe will be of interest to you and your Committee.

As recently as November, 1977, a program of "Neighborhood Revitalization" was approved by the American Council of Life Insurance Subcommittee on Urban Affairs and is currently awaiting only the approval of the Board of Directors of the American Council of Life Insurance. With the commencement of this program, companies will undertake special revitalization programs in selected urban neighborhoods. This will involve mortgage underwriting, equity investment or loan programs and could also include, in cooperation with other groups, technical assistance programs for homeowners engaged in rehabilitation.

I bring these programs to your attention to demonstrate that Metropolitan and the life insurance industry as a whole has been, and still is, very much involved with the problem you present.

With regard to the specific questions raised in your letter:

1) Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?

   We have sales offices located in every major city in the United States. We estimate that we currently have some 3,000 employees working in district offices located in the central city area of the 10 largest cities in the United States. In addition, we have some 12,000 employees working in our Corporate Headquarters in New York and another 1400 working in a major administrative office located in the city of San Francisco, California. All together we estimate that out of a total workforce in the United States of some 50,000 employees, well over 16,500 are located in central cities.

2) What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?

   We have no current plans to either expand or contract in any great measure our central city operations described above during the next five years. But, of course, there may be changes in labor market conditions or in other phases of our business which could require an expansion or a contraction of our present central city operations.

   Routine clerical operations are constantly being absorbed by high speed electronic equipment so that the need for clerical employees is diminishing, and the need for middle management and supervisory personnel is increasing. For this reason, we are constantly mindful of labor market conditions and any decision to expand or contract operations would need to reflect those conditions.

3) What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?

   Metropolitan is a participating member of the New York Chamber of Commerce and Industries Consortium training programs. The purpose of this program is to provide

appropriate training for unemployed residents of New York City and to offer full-time employment to the graduates of this program.

Additionally, the Company is a member of the New York City Board of Education's Business Education Advisory Commission. The purpose of this group is to encourage the study of business-oriented subjects in the New York City School System in anticipation of its graduates joining the business world.

Metropolitan also participates in a cooperative student-work experience program with the New York City School System. Under this program the students go to school one week and work the next week. Students in this program generally come from disadvantaged families.

Metropolitan is a participant in President Carter's HIRE Program. Under this program, the Company has agreed to hire, on a voluntary basis, approximately 300 Vietnam-era veterans or other eligible unemployed persons by the end of September 1978.

The Company also cooperates with various state employment services and numerous organizations which train the disadvantaged and seek to provide job opportunities. Examples of these organizations are PACT/NADAP, Opportunities Industrialization Center, Federation Employment and Guidance Service, NAACP, and The Urban League, among others.

4) Which existing federal, state or local policies, if any, discourage you from maintaining or locating operations in central cities? What new governmental policies would encourage you to maintain or locate operations in these areas?

The solutions to the problems of the cities are, of course, very complex. Most of the problems are interrelated and no single solution will provide a complete answer. As your question suggests, action on all levels of government will be necessary in order to address these problems effectively. Since I have considered these problems for many years, both in the capacity of President of Metropolitan Life and of

Chairman of the Mayor's Management Advisory Board in New York City, I feel that it would be of more assistance to your Committee if we were to discuss the issues rather than if I were to enumerate a long list of possible solutions to problems such as deficit spending, multiple tax burdens, the welfare system and inadequate city services. I would be happy to meet with you or any member or members of your subcommittee if some mutually convenient time can be arranged.

In addition to the Report on the $2 Billion Urban Investment Program, I am enclosing five booklets entitled: The Role of Government and Business in Meeting the Problems of Our Cities, Facing Up To Our Urban Problems, Facing Up To Our Urban Problems-II, A Deep Involvement, and A Need - A Response, which will give you some indication of the insurance industry's, and more specifically Metropolitan's, concerns with this inner city problem through the years. Also, the enclosed report of the American Council of Life Insurance Subcommittee on Urban Affairs, which explores the problems of urban revitalization, will give you some idea of the industry's current thinking on this issue and its plans for the immediate future.

Very truly yours

R R Shinn

Richard R. Shinn
President and Chief Executive Officer

January 10, 1978

(The report on the "$2 Billion Urban Investment Program of the Life Insurance Business", the booklets regarding the insurance industry's concern of inner city problems, and the report of the American Council of Life Insurance Subcommittee on Urban Affairs referred to in the letter are retained in the Subcommittee file.)

THE MUTUAL BENEFIT LIFE INSURANCE COMPANY
520 BROAD STREET • NEWARK • NEW JERSEY • 07101

ALLEN H. STOECKER, C. L. U.
VICE PRESIDENT-PUBLIC AFFAIRS

December 1, 1977

U.S. House of Representatives
Subcommittee on the City
Committee on Banking, Finance & Urban Affairs
605 House Office Building - Annex 1
Washington, D.C. 20515

Gentlemen and Mesdames:

I am responding to the questions raised in your letter to W. Paul Stillman dated November 14, 1977.

1. We have two major installations in central cities:

Newark	-	Approximately 2,100	(employees at end of '77)
Kansas City	-	Approximately 600	(employees at end of '77)
		2,700	

   We also operate field offices in about seventy cities housing or supporting sales and clerical personnel totalling about 2,300 at this time. Total company personnel at the end of 1977 will be roughly 5,000 and a good estimate of those working in cities would be 4,400. The remaining 600 work in suburban or rural locations.

2. For the next five years, the number of employees and field personnel will increase modestly as the company continues to expand. Total personnel might be expected to grow to 5,800 of which we estimate 5,100 will be working in cities and 700 in rural and suburban locations.

3. We do not have recruiting or job training activities aimed specifically at the unemployed in central cities. We do, however, employ people from the cities and make courses and training available to them after employment. A newly instituted course in Basic English Usage is an example of this.

4. We are not discouraged from maintaining basic operations in Newark and Kansas City by federal, state or local policies. Our biggest problem is the poor quality of education of Newark high school graduates making this a poor source of employment. Government policies which would encourage improvements in mass transportation into Newark would be welcome. We would continue to encourage payments in lieu of taxes for tax exempt federal and state facilities as a way to relieve the financial burdens of the cities.

As a company, we are committed to continuing and expanding our Home Office operations in the central cities of Newark and Kansas City. In Newark, particularly, we have made public our intention to stay in the city and continue to grow. We have made this pronouncement even in the face of an exodus by some business firms from Newark. As a company, we work toward the economic, cultural, educational and residential redevelopment of the city.

Mutual Benefit Life welcomes this opportunity to respond to your Committee's questions and will be glad to assist the Committee further in its efforts, particularly as its work affects the cities where we are major employers.

Cordially,

Allen H. Stoecker
Vice President-Public Affairs

NATIONWIDE

DEAN W. JEFFERS
GENERAL CHAIRMAN

December 12, 1977

The Honorable Henry S. Reuss, Chairman
Subcommittee on the City Committee
on Banking, Finance and Urban Affairs
U. S. House of Representatives
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Mr. Reuss:

Thank you for giving us the opportunity to respond to your inquiry about our central cities and their unemployed.

The Nationwide Insurance Companies also share your concerns. This is evidenced by our commitments to the city of Columbus, described in the following answers to the questions in your letter of November 14, 1977.

1. During 1977, all of the Nationwide Insurance Companies' Home Office operations will be consolidated in a new 40-story international headquarters located in the central city area of Columbus, Ohio. This structure, the largest of its type in central Ohio, has more than 1,300,000 square feet of space. It will house our current work force of approximately 3,800.

2. Our plan to locate the international headquarters in downtown Columbus is evidence of our commitment toward revitalizing this area of the city. By choosing this location, it is also possible for employees to take advantage of an excellent public transportation system. While these facilities will

not expand over the next five years, we do anticipate a moderate growth in the number of people employed at the international headquarters.

3. Each year, the Nationwide Insurance Companies sponsors a Summer Youth Program aimed at providing employment experiences for the disadvantaged. Every year over the past 11 years, we have employed approximately 50 young people in this program. Our recruiting efforts are coordinated with the National Alliance of Businessmen, Central Ohio Minority Affairs Representatives, Comprehensive Education Training Act, A Better Chance, Columbus Metropolitan Area Community Action Organization, State Employment Agency, and inner-city high schools.

   I have recently agreed to serve as chairman of the National Alliance of Businessmen for the Columbus metropolitan area.

4. None of the policies referred to in question 4 discouraged us, and our plan is to maintain our operations in the central city area of Columbus, Ohio.

Sincerely,

Dean W. Jeffers

Dean W. Jeffers
General Chairman
and Chief Executive Officer

W YORK LIFE INSURANCE COMPANY 51 MADISON AVENUE, NEW YORK, NEW YORK 10010, TEL: (212) 576-5605

JOHN F. GLEASON

EXECUTIVE VICE PRESIDENT

November 29, 1977

Honorable Henry S. Reuss
Chairman, Subcommittee on the City
Committee on Banking, Finance
and Urban Affairs
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Congressman Reuss:

This letter is in reply to your recent inquiry to Chairman Brown regarding New York Life's posture on employment in the central cities of our nation. Our answers to your 4 questions are as follows:

1. Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?

   Our Home Office is located in midtown New York City. Approximately 6,000 persons are employed here. In addition, more than half of our roughly 440 sales and service offices throughout the nation are located in central cities. These are, however, mostly sales offices, employing less than 10 persons each. Approximately 2,500 New York Life employees staff our central city field offices. Thus, of our total employee force of 10,600 persons, approximately 8,500, or 80%, are located in central cities.

2. What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?

   Over the past 5 years, we have not materially expanded or contracted our operations. Moreover, we have no plans to appreciably change the overall size of our central city operations either at our Home Office in New York City or in our field operations throughout the nation.

3. What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?

Over the years, New York Life has, on a voluntary basis, initiated and participated in a large number of programs specifically designed to provide jobs and job training for the unemployed. Some of these recent actions are covered below:

- Since 1968, we have conducted or participated in several special training efforts for unemployed and under-employed disadvantaged persons. At the present time, we are active participants in a Clerical Training Consortium under the Federal Comprehensive Employment and Training Act (CETA). These efforts are in addition to the already extensive training that we provide to all of our new employees, the great majority of whom are graduates of central city high schools and colleges.

- We work closely with the New York City National Alliance of Businessmen (NAB), which helps disadvantaged people find jobs and helps central city schools to improve the quality of education. Over the years, a number of New York Life employees have worked with NAB in its job development and other programs.

- New York Life has long been active in hiring veterans, and has, for many years, participated in approved VA on-the-job training programs. At the present time, we are pledged to fill 100 jobs under President Carter's HIRE program for veterans and other unemployed persons.

- In our high school recruiting efforts in New York City, we work closely with the New York City Board of Education and the New York State Employment Service. We are also actively involved in a variety of programs designed to improve the quality of education available to the City's high school students and, for many years, we have offered part-time jobs to students in the Co-operative Education program. Incidentally, under an ongoing relationship with a South Bronx public school, eighth grade classes spend several days in various departments at New York Life learning the ways in which the Company works, the various jobs people hold and their responsibilities and opportunities.

- New York Life, through its Urban Activities Committee, has given financial aid to both national and local organizations involved in preparing the disadvantaged for employment.

- New York Life is a charter contributor to the minority actuarial science program at Carnegie-Mellon University in Pittsburgh which is the first degree-oriented actuarial program in the country designed specifically to bring talented minority group members into the actuarial profession.

4. Which existing federal, state or local policies, if any, discourage you from maintaining or locating operations in central cities? What new governmental policies would encourage you to maintain or locate operations in these areas?

   This Company was chartered in New York, and has been housed for over 130 years in New York City. This is where our only sizeable number of employees is located and, as indicated, no appreciable change in the size of this operation is planned. Nevertheless, like other metropolitan employers, we are concerned with such factors as an equitable tax climate, an educational system that can insure a continuous supply of quality personnel, safe and convenient transportation, modern fire and police protection, attractive housing for personnel and business needs, dependable utilities and financially stable representative government.

* * *

Clearly, the difficult problem of developing human potential involves much more than hiring and training the unemployed. The task of economically and socially restoring America's cities requires simultaneous efforts by government, businesses and individual citizens in many areas, including employment, housing, education and health.

I hope that these general comments will be helpful to the Subcommittee.

Sincerely,

John F. Gleason

Executive Vice President

THE NORTHWESTERN MUTUAL LIFE
INSURANCE COMPANY · MILWAUKEE NML

DONALD K MUNDT
Senior Vice President - Administration

720 East Wisconsin Avenue, Milwaukee, Wisconsin 53202

November 29, 1977

The Honorable Henry S. Reuss, Chairman
Sub-Committee on the City Committee on
Banking, Finance and Urban Affairs
U.S. House of Representatives
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Henry:

Mr. Ferguson referred your November 14th letter to me. The need of the central cities is indeed a vital national concern. The interest your Committee is demonstrating about this issue is appreciated.

Specific response to the information you requested follows:

1. Home Office operations, involving almost 2,000 employees, are located in the center of the hub of Milwaukee, at 720 East Wisconsin Avenue. We will expand our operation to a 550,000 square foot building now being constructed immediately east of our present location. This is our only location except for 19 offices in key U.S. cities that employ only a few people in mortgage loan and real estate operations.

2. NML is committed to the principles of affirmative action. This commitment began several years before it became popular to do so because of our desire to be good corporate citizens and understanding that affirmative action concerns opportunity and development for all people. We believe our present location has been helpful in attracting minorities to work for our Company. In fact, just last Spring we reached an 18.7% utilization of minorities in our clerical operation. This exceeds the goal established with the Insurance Compliance Staff of 17.8% for full utilization. We are working hard and making good progress toward our affirmative action commitments for technical, professional and managerial positions.

3. NML hires an average of 350 people per year, of which more than 50% are age 20 or less. Supporting the transition from school to work and enlarging the employment of minorities has centered around several programs. We have participated in the High School Cooperative Education Program for over 15 years. This program provides part-time work opportunities for students with an average participation of 20-25 each year, many of these students become full-time employees with us after graduation. In recent years, NML has also actively supported intern programs which emphasize the employment of minorities. Examples include Inroads, National Achievement Scholarship and Seed Foundation.

4. Governmental policies neither encourage or discourage our choice of Home Office location. We have been at our present location (or within a few blocks) for more than 115 years. Because of our commitment to a major building program noted above, there is no interest in relocation. NML enjoys operating in a centrally located area which benefits the citizens of Milwaukee.

Your Committee can count on our continued support as you give attention to this important subject. When you return to Milwaukee, Henry, you are welcome to stop by my office and visit further about this matter and other issues of mutual interest.

Sincerely,

Occidental Center, Los Angeles, California 90051

A Member of
Transamerica Corporation

Occidental Life
of California

Earl Clark
Chairman of the Board

December 14, 1977

The Honorable Henry S. Reuss, Chairman
Subcommittee on the City
Committee on Banking, Finance and
Urban Affairs
U.S. House of Representatives
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Congressman Reuss:

This letter is written in response to your Committee's letter of November 14, 1977.

Occidental Life Insurance Company of California's headquarters has been located in the central city area of Los Angeles since the Company was founded in 1906. We currently employ 3,700 people in our headquarters office and we have no major facilities of a similar nature in other parts of the country although we maintain branch offices and general agencies throughout the U.S. In 1961, Occidental began construction of a new headquarters building, Occidental Center, in central Los Angeles and the final unit of this 1.5 million square feet complex was completed in 1971. The decision to remain in downtown Los Angeles was made following consideration of other prospective sites outside the downtown area. Occidental Center was the first high-rise structure erected in Los Angeles since the construction of City Hall in 1935. Including our headquarters staff and other tenants, there are some 6,000 people employed in the Center.

We have no specific plans to expand or contract our Los Angeles operations in the next five years. We have, however, made very preliminary studies as to the cost benefits of relocating our headquarters outside of the City of Los Angeles as well as outside the State of California. Major factors that will influence our future plans for expansion at our present location or relocation elsewhere revolve around the availability of a reasonably viable labor force and the costs of doing business at our present location.

Occidental Life is administrator of Part B of Medicare for Southern California and we must meet HEW cost standards in the handling of Medicare claims. As the nation's ninth largest life insurer, we must meet the competitive pricing pressures of the marketplace if we are to maintain and increase our market share.

Here are some of the problems we are dealing with currently as a major employer in central Los Angeles:

LABOR

It is becoming increasingly difficult to attract qualified workers to the central city. Inadequate public transportation coupled with the increasing costs of private transportation make it uneconomical for workers, especially in entry-level jobs, to consider employment in downtown Los Angeles. Freeway congestion has increased drive times past acceptable limits for many prospective employees who live in outlying areas. Occidental has supported bond issues which would see rapid transit lines established here (all of which have been defeated by the electorate) and is currently participating in locally-sponsored car pool and van pool programs. For your information, over 50% of our employees are members of minority groups. Occidental also participates in work experience and training programs with the Los Angeles City School District.

MUNICIPAL SERVICES

The costs of operating a major office building in Los Angeles are increasing at an alarming rate. Real estate taxes appear to be increasing more rapidly here than in most other parts of the nation. Unfortunately, we receive no tax deduction for such taxes at the state level and very little at the federal. On November 17, 1977, the Los Angeles City Council voted to increase and restructure water and power rates in the City which will have the effect of increasing the electricity costs for Occidental Center some 33% in 1978. It would be difficult to find a clearer "invitation" to major employers to leave.

TAXES

In addition to escalating real estate taxes, California State Taxes on insurance companies rank among the highest in the nation. While this fact does not bear directly on the problems of the central city, it does bear directly on any plans a California insurance company might have in relocating outside the State.

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You asked, "What new governmental policies would encourage you to maintain or locate operations in these (central city) areas?" We have no specific recommendations to make in this regard except the obvious--we must find ways to make the central city an attractive place in which to work and live coupled with a political environment that will enable an employer to make a profit. We have, for example, devoted a great deal of effort, both directly and through local civic organizations, to encourage the City to adopt a master redevelopment plan which would encourage the construction in the central city area of parks and lakes surrounded by low and medium income apartment structures, the realignment of streets and elevated pedestrian walks and other steps to discourage the use of the automobile in the central city, and the rehabilitation of certain commercial centers such as the flower and produce marts within or on the fringes of the central city. We have, also, urged government at all levels to consider the employment impact of its actions. We believe programs such as this can be accomplished through a partnership between free enterprise and all levels of government.

Very cordially yours

Ed Nash

The Penn Mutual Life Insurance Company
Independence Square, Philadelphia, Pa. 19172 (215) 629-5800

December 9, 1977

Penn Mutual

Hon. Henry S. Reuss
U. S. House of Representatives
2412 Rayburn House Office Building
Washington, D.C. 20515

Dear Representative Reuss:

This is in reply to the four following questions in the November 14, 1977 letter from you and the members of the Subcommittee on the City of the Committee on Banking, Finance and Urban Affairs.

"1) Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?"

Our Home Office force, relating to our total operations, exclusive of field sales personnel, is located in the center of Philadelphia, immediately adjacent to Independence Square, and in excess of 95% of the total work force is located in this location.

"2) What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?"

Our Home Office operations have been in this location since 1919. In 1973 we dedicated a new building in our Home Office complex, costing in excess of $20,000,000, so it is apparent that we

intend to remain at this present location for the foreseeable future. We anticipate a continued growth and diversification at this location in the next five years. We invested in a new building in this area because we believe in the central city as a place to do a national business and because of our desire to support the stability of Philadelphia with its vast business, industrial and cultural resources.

"3) What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?"

a. An annual National Alliance of Businessmen pledge to hire at least 15 disadvantaged persons.

b. The Business Experience and Education Program geared at hiring 4 disadvantaged youths for part-time positions.

c. Career days and demonstration interviews at inner-city high schools to teach interviewing skills and provide career information.

"4) Which existing federal, state or local policies, if any, discourage you from maintaining or locating operations in central cities?

What new governmental policies would encourage you to maintain or locate operations in these areas?"

Because of the concentration of disadvantaged persons in the central city area and the relatively poor school system, the quality of the candidates for our work force is not the same caliber as businesses located outside of the central city. Therefore, we suffer a competitive personnel performance disadvantage.

A 4 5/16% City Wage Tax which is not levied by local governmental units surrounding Philadelphia adds to the tax burden of our employees.

Inadequate aid to cities by both state and Federal government causes an outward migration of businesses from the central city area and increases the tax burdens on those businesses which desire to remain in the central city.

Mainly financial aid and other assistance to help upgrade:

a. the quality of public school education to improve the basic skills of graduates in reading, mathematics and writing;

b. the quality and quantity of public transportation;

c. the physical safety on the city's streets and in its public buildings; and

d. the quality of urban living in general (e.g., rehabilitate dilapidated housing, clean streets, reduced pollution and decrease traffic congestion).

Also, any policies which would significantly subsidize salaries of unskilled and untrained employees, without generating excessive paperwork on the part of business, while such persons are being trained on the job.

We indeed appreciate the interest of the Subcommittee on Cities in this matter of the plight of the central cities. We believe in the basic contribution of the city to our Western civilization and the need to create an economic, social and legal environment which will permit the city to continue its historic contribution to our culture.

Sincerely,

Frank K. Tarbox

PROVIDENT LIFE AND ACCIDENT INSURANCE COMPANY
PROVIDENT BUILDING
CHATTANOOGA, TENNESSEE 37402

BROOKS CHANDLER
VICE CHAIRMAN OF THE BOARD

December 22, 1977

Honorable Henry S. Reuss
United States House of Representatives
Committee on Banking, Finance and Urban Affairs
604 House Office Building, Annex 1
Washington, D. C. 20515

Dear Sir:

This letter responds to the request for information contained in your November 14, 1977 letter addressed to Mr. Henry C. Unruh, Chairman of our company.

Your inquiries and the responses are given below:

1. Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?

   Provident Life and Accident Insurance Company currently employs over 2,700 personnel, and it is estimated that approximately 91% of these work in offices located in central cities. The home office administrative operation is located in downtown Chattanooga, Tennessee and employs 1,700 people. The remainder of the work force is located in over 110 offices across the country. These field offices serve sales and/or claim processing functions.

2. What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?

   There are no major plans to change the physical location of existing offices, although staff additions and a few new offices of small size are anticipated.

3. What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?

Honorable Henry S. Reuss

The company does not sponsor any programs specifically aimed at the unemployed in central cities. However, we aggressively recruit minorities for positions throughout our organization. If necessary, minorities filling clerical jobs are provided with a longer than normal period of job-training. The recruitment of minorities has been most successful where openings where advertised initially in minority newspapers.

4. Which existing federal, state or local policies, if any, discourage you from maintaining or locating operations in central cities? What new governmental policies would encourage you to maintain or locate operations in these areas?

Two factors are of prime importance in the company's decisions about office location. The first is the location of our customers: large employers who are group insurance clients, insurance brokerage firms, and insurance agents. Secondly, the availability of an adequate labor pool to draw upon for clerical personnel is also a consideration. To the extent that government policies indirectly discourage either customers or potential employees from locating in or visiting central city areas, then our decisions are likewise affected. In this regard, relative tax burdens, transportation congestion, and inadequate or expensive parking are often viewed as disadvantages to central city locations.

We hope that this information will be useful in the work of the Committee.

Yours very truly,

Vice Chairman

Provident Mutual
Life Insurance Company of Philadelphia
4601 Market Street, Philadelphia, Pa. 19101

Edward L. Stanley
Chairman of the Board
and
Chief Executive Officer

November 23, 1977

Honorable Henry S. Reuss, Chairman
Subcommittee on the City
U. S. House of Representatives
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Mr. Reuss:

I have your letter of November 14 requesting certain information to assist your Committee in considering your proposals to aid city economies.

In answering your questions I will be referring solely to our Home Office operation, because it is the only major concentration of employees we have in the entire country. Although we do have about 60 sales agencies scattered throughout the United States, they are typically small organizations renting modest office space, sometimes in down-town locations but more often in semi-suburban areas.

Our Home Office is located in West Philadelphia which, while not strictly central city, has essentially the same general characteristics, including a very heavy concentration of minority residents and minority-owned small businesses. We currently employ approximately 750 persons here.

We have no plans to expand or contract our operations here in the next five years, although some modest growth may be expected and that growth can be easily contained within our present facility.

We have no major recruitment or job training activity which is specifically aimed at the unemployed. Our turnover tends to be relatively low and our hiring needs are thus fairly modest. Also, our business is one which requires almost entirely whitecollar type employees, where unemployment is not the major problem it is in the case of industrial workers.

With respect to federal, state or local policies which might discourage us from maintaining our operations in the central city, the only one of any significance would be local tax policies. For instance, Philadelphia has a city wage tax which our employees could escape if we were to move outside the city. Also, the poor fiscal condition of our city and its erroding tax base cause us to be concerned about some new or expanded taxation which might prompt us to consider a move. At this particular moment, however, there is nothing in the picture sufficiently severe to cause us to contemplate such action.

I hope this will provide you with the kind of information you are looking for, and we would be glad to answer any further questions you might have.

Sincerely,

Edward L. Stanley

Edward L. Stanley
Chairman of the Board
and
Chief Executive Officer

The Prudential Insurance Company of America
Prudential Plaza, Newark, New Jersey 07101

Donald S. MacNaughton
Chairman and Chief Executive Officer

December 15, 1977

The Honorable Henry S. Reuss, Chairman
Subcommittee on the City
Committee on Banking, Finance and
Urban Affairs
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Congressman Reuss:

Prudential is pleased to respond to your November 14 request for information with respect to our central city locations and plans.

1. At present, Prudential, including its subsidiaries, has home office operations located in central cities in Newark, New Jersey; Chicago, Illinois; and Boston, Massachusetts. In total the staff of these three offices numbers about 6,050 or roughly 21% of our total home office staff. The 6,050 breaks down among the three central cities as follows: 4,000 in Newark, 700 in Chicago, and 1,350 in Boston.

   In addition, we have one or more sales offices of 30 to 40 people located in most central cities.

2. Boston

   It is our current expectation to establish a regional service center of Prudential Property and Casualty Company in downtown Boston about 1980. This office is expected to employ about 350 persons when it is at full strength.

   Newark

   We plan to move the following operations from Newark.

   A. The Corporate Supply Division, numbering about 200 people, will move to New Providence, New Jersey in 1978.

   B. Our Corporate Group Insurance Department and parts of the Corporate Actuarial, Comptroller's, and Treasurer's Departments will move to Roseland, New Jersey in 1980. Staff of this group totals about 900.

These moves are in line with our historical and national policy of decentralization and satellization. We have believed and practiced for some time now the philosophy that geographic dispersion, smaller office size and being located near those being served yield better service to our customers and to our Agents.

The decision to transfer these operations is a continuation of this philosophy of decentralization and satellization.

We would expect that by 1980, our total employment in Newark would stabilize at 3,000 to 4,000 persons and would remain at that level for the foreseeable future.

3. Our efforts for recruitment of and training the unemployed are tailored to the circumstances of each central city:

Newark

A. Recruitment - Community Referrals

To insure that we can get qualified applicants from the Newark area, we have developed close ties with community agencies. The goal is to insure that these agencies are continually kept aware of Prudential's hiring needs and job requirements. With these open lines of communication, we've been getting referrals who are better prepared to fill our vacancies. We have been actively working with several agencies:

- F.O.C.U.S. - Field Orientation Center for Under Privileged Spanish Speaking
- N.A.A.C.P.
- Urban League
- N.J. State Employment
- Governmentally Funded Manpower Programs (CETA and Win Groups)
- Local Training Schools
  Newark Skills Center
  CAO - Council for Airport Opportunity

B. Recruitment - Schools

Prudential representatives regularly attend high school and college career day functions. Our purpose is twofold: recruitment and education. In addition to discussing opportunities and benefits (such as tuition refund) at Prudential, we try to stimulate students to seriously investigate careers and to set goals for themselves.

C. Work-Study Programs

Our work-study programs are designed to expose students to the business environment, have them experience the demands of working in terms of responsibility and punctuality, and to encourage the students to develop a serious attitude toward planning goals. We hire and work closely with approximately 50 students per year from schools in the Newark and Essex County area for these programs. They hold entry level clerical positions which pay $3.015/hour. This includes the Education Center for Youth, a Newark-based program which is designed to assist and rehabilitate Newark high school dropouts.

D. Summer NAB Program

In a joint effort with the National Alliance of Businessmen, Prudential hires approximately 30 "disadvantaged" high school and college students who live in the Newark area for 12 weeks in the summer. The students work in various clerical capacities--many have jobs that are related to their major fields of study. The "job" is only a small part of the program. Seminars are held to discuss career goals in general and the insurance industry in particular. Sessions are held on preparing for job interviews as well as the job itself. We endeavor to make the summer a complete learning experience.

E. Project Hire

We have undertaken a concerted effort to "reach out" to young and disabled Vietnam era veterans (in the Newark area). In line with this effort, we are working closely with the National Alliance of Businessmen, the Veterans Administration, the State Department of Labor and the Greater Newark Alliance to recruit qualified veterans. Our goal is a minimum of 16 Vietnam era veterans per year.

F. Prospect House

Prudential's involvement with the community and its goals to hire the handicapped sparked our participation in the Prospect House program. Prospect House is a vocational and social rehabilitation center for mentally ill individuals (in the Newark area) who are ready to re-enter the business community. We hire about 12 to 15 participants each year into entry level positions. They work for a period of 6 months. It is hoped that this experience moves the individuals toward economic and social independence. Many are hired as full-time employees after leaving the program.

Chicago

A. Participation in Inner City High School Work-Study Programs.

Example: Office Occupations Program which involves preparing high school seniors for positions in the clerical and keyboard skills area.

B. Prudential serves on the board of a number of organizations which sponsor job training programs for the hard core unemployed. Prudential acts in an advisory capacity and is also a referral source for applicants.

C. Also, Prudential has been active for a number of years on an Advisory Board for the Education and Employment High School (a special school for former High School dropouts).

D. Prudential posts vacancies against a job bank administered by the Illinois Employment Security Division of Illinois.

Boston

A. This Office regularly participates in the National Alliance of Businessmen Program to recruit and train the disadvantaged unemployed for employment.

B. The Office also conducts or participates in several work-study programs including:

- "Partnership High School" - 20 high school students work part-time.

- The Boston Summer Jobs Program - college students are provided with summer jobs for four years.

- The "Flexible Campus Program" - a high school work-study program.

- Northeastern University Coop Program Internships - internships are provided for several Northeastern University students.

4. In order of importance, the following factors, in our view, tend to discourage companies from locating or maintaining larger office operations in central cities. They are not mutually exclusive.

   A. Difficulty in attracting and retaining qualified employees.

   B. Problems of safety of person and property.

   C. Governmental pressures to achieve representation of minorities within the employee force proportionate to their representation in the population, as opposed to their availability for employment.

   D. Higher taxes on employers and, sometimes, employees.

   E. Difficulty in getting employees in other locations to transfer to central city locations.

   F. Poor municipal services, e.g., police and fire protection.

   G. Anti-business orientation of some city administrations.

Prudential does have a commitment to central cities, a commitment that has been demonstrated by our investments as well as our operations. Attached is a letter sent out last summer by the Greater Newark Chamber of Commerce pertinent to Prudential's continuing commitment to Newark.

Thank you for the opportunity to inform you of Prudential's intentions with respect to the central cities in which we have operations.

Sincerely,

Hon MacNaughton

Greater Newark Chamber of Commerce

50 Park Place
Newark, New Jersey 07102
(201) 624-6888

July 5, 1977

Dear Member:

Many of you have raised questions about Prudential's future in the city of Newark. Accompanying this is a page one reproduction of Prudential's corporate newspaper The Courier, a publication issued by and for their own employees.

The lead story has great significance not only to Prudential people but to everyone in the city of Newark.

Chairman and chief executive officer Don MacNaughton has clearly, emphatically and with great conviction "laid it on the line": Prudential's headquarters will remain in Newark.

This decision was made after months of deliberation and was based on five major factors: the viability of the city of Newark, employee safety, staffing needs, employee attitudes relating to transfers to Newark and the cost of moving to another location.

I urge you to read this article for it should put to rest once and for all the rumors which have circulated for years and which all of us have heard.

Sincerely,

David S. Rinsky

David S. Rinsky
President

Corporate Office COURIER

Prudential

Vol. 12, No. 11
June 3, 1977

MacNaughton Outlines New Refurbishing Plan

Decision to Remain in Newark Reaffirmed

TENTATIVE REFURBISHING SCHEDULE

Department	Present location	Temporary move & approximate time			Refurbished move & approximate time		
		To	Year	Quarter	To	Year	Quarter
Actuarial	18 & 19 P				3 P	1978	2nd
Buildings	1 & 12 P				2 P	1980	4th
Common Stock	22 P	5 P	1980	4th	22 P	1981	1st
Comptroller's (Part remaining)	6 P	12 W	1980	3rd	12 P	1981	1st
Corporate Services	5 P				5 P	1981	2nd
District Agencies	13 P				9 P	1978	2nd
	14 P				10 P	1979	2nd
Economic & Investment Research	13 P	11 W	1978	2nd	19 P	1978	4th
Group Insurance	3 P	13 & 14 W	1977	4th	Roseland	1980	3rd
Group Pension	3 P	12 W	1977	4th	19 P	1978	4th
Insurance Services	14 P				15 P	1981	1st
Law	23 P	18 P	1978	4th	23 P	1979	2nd
	10 P				13 P	1978	4th
Ordinary Agencies (Part)	7 G				5 P	1981	2nd
Personnel	17 P	12 W	1978	4th	17 P	1979	2nd
	4 G				18 P	1980	2nd
Public Affairs	5 & 15 P				6 P	1980	4th
Real Estate Investment	21 P	18 P	1978	3rd	14 P	1979	4th
Secretary's	23 P	18 P	1979	3rd	23 P	1979	4th

REFURBISHING OF NEWARK offices has been accelerated, and is due for completion within four years. Work areas in the Washington and Gibraltar buildings also will be refurbished within the next two years.

Prudential's decision to keep its Corporate Offices in Newark was underscored by Don MacNaughton, chairman and chief executive officer, at two special management meetings on May 23.

The Pru chairman explained in detail the basis for the decision to remain in Newark and announced an accelerated schedule for refurbishing Newark offices during the next four years.

"I work in Newark and I'm proud of it," MacNaughton declared. "Newark and Prudential, I am sure, will stick together, and we'll be glad we did."

He termed the acceleration of the proposed Plaza Building refurbishing plan "concrete evidence that we think our future in Newark is bright." The Company currently has no plans to move any major Newark operation out of the city beyond those plans already announced, he said.

To make employee travel to and from work as safe, convenient and attractive as possible, the Company is in the process of establishing commuter van pools in Newark, MacNaughton reported.

In his introductory remarks, the Pru chairman noted that many people, both within and outside the Company, appeared to be skeptical of repeated public statements that Prudential intends to keep its Corporate Headquarters in Newark. The proposed purchase of the Dodge Estate and the recent announcement that some Newark employees will be moved to a new Roseland satellite have "fueled the fires of skepticism," he said.

The special management meetings were called, MacNaughton explained, to "lay out in some detail the decisions we have made about Newark and the basis for those decisions."

Five major factors were considered in the decision to stay in Newark.

- Safety and security. In a recent security survey, MacNaughton said, more than half of the Corporate Office employees who participated expressed at least some concern about their safety going to and from the office, but only a small minority expressed great concern. At the same time, 56 percent of those answering said they would choose to work in

(Continued on Page 3)

Results Announced For JFK Center

At a White House reception for business leaders raising funds for the Kennedy Center, Don MacNaughton, Prudential's chairman and chief executive officer, announced that the halfway mark had been passed in the current drive to raise a million dollars.

The reception was held by President and Mrs. Carter. MacNaughton is chairman of the Corporate Fund for the Performing Arts at Kennedy Center. The Fund consists of a group of chief executive officers of major American firms, organized to give financial support to the Center on a continuing basis.

(Continued on Page 6)

ON THE WHITE HOUSE STEPS, Pru Chairman Don MacNaughton, chairman of the Corporate Fund for the Performing Arts at Kennedy Center, thanks President and Mrs. Carter for their support of the Center. (L-R) Mrs. Carter, MacNaughton, Kennedy Center board chairman Roger Stevens, the President, Mrs. Christine Stevens, Mrs. Winifred MacNaughton.

MacNaughton Underscores Decision to Stay in Newark

(Continued from Page 1)

Newark over Roseland or Florham Park. MacNaughton said that security risks exist in Newark, as in other large cities, but the Company believes these are manageable and steps have been taken to increase employee safety, while still others are being planned.

- Staffing needs. The Corporate Offices' annual replacement needs, aside from service people, are for about 500 persons, including 200 college graduates. MacNaughton said studies show these needs are being satisfactorily met. Furthermore, Newark's turnover rates have been consistently lower than the Company average.

- The willingness of RHO employees to transfer to Newark. Survey results indicate, MacNaughton said, that many RHO people are reluctant to transfer to Newark. However, he pointed out, companies with suburban headquarters have similar problems. Prudential believes that relocating its Corporate Office probably would not change the situation very much because other factors are frequently more important than location.

- Cost. While there would be significant annual operating savings in moving to a new building in a community with lower taxes, the Pru chairman said, these savings would not be sufficient to make up for the investment required to build a new headquarters.

- Newark and its viability. Hopeful signs for the future are emerging, MacNaughton said. He noted the development of a higher education complex of five institutions and improvements in air, land, and sea transportation. A full investigation of the city's prospects for the future led to the conclusion that Newark is still an acceptable location, he said.

Outlining Prudential's long-standing policy of decentralization, MacNaughton described the recent announcement of a new Roseland satellite as "a continuation of our philosophy of geographic dispersion." He said that additional centralized line functions might be satellized in the future, but that those policy-making functions which are specifically Corporate would remain in Newark.

The four-year refurbishing schedule involves improvements in every respect—furniture, floor coverings, color schemes and artwork, and will include the cafeteria and recreation areas on 2 Gib.

MacNaughton pointed out that Prudential's total financial contributions to Newark amount to over $42 million a year. "The city's future," he said, "is partly in our hands.

"Our presence here is important to Newark's future," he concluded. "Our sense of social responsibility to the city has always been an important consideration."

ARTIST'S RENDERING shows an office building as it would appear under PIC Realty's plan for development of the Dodge Estate. Plan includes five to seven buildings with underground parking.

Executive Office Park Plan Proposed for Dodge Estate

Plans to construct an executive office park of from five to seven buildings on the Dodge Estate have been presented to the Madison Borough Planning Board by PIC Realty, a wholly-owned real estate investment subsidiary of Prudential.

The plans were outlined at a public hearing held by the Planning Board on a proposal to rezone the area from a Planned Unit Development (PUD) zone to an executive office park. Action on Prudential's application for the zoning change is expected in the Fall.

Bob Lisle, president of PIC Realty, described PIC's plans to develop the Dodge Estate as a prestigious low-density office park for sale and lease.

A traffic expert told the Planning Board that full PUD development of offices and homes could result in as many as 75,000 vehicle trips per day to and from the Estate. Under PIC Realty's plans to allot 400 square feet for each office employee of corporations establishing facilities there, only 7,320 trips per day would occur.

The TRAVELERS Insurance Companies
ONE TOWER SQUARE, HARTFORD, CONNECTICUT 06115

ARTHUR W. BRADLEY
Vice President

December 15, 1977

Representative Henry S. Reuss, Wisconsin
Chairman of Subcommittee on the City
Committee on Banking, Finance & Urban Affairs
U. S. House of Representatives
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Mr. Chairman:

Morrison H. Beach, Chairman of the Board, has asked me to respond to the questions outlined in your November 14, 1977 letter.

I will respond to your questions in the order you have presented them.

1) Our Home Office in Hartford, Connecticut, and the majority of our field locations employing 50 or more people, combined, total 20,656 employees, or 72% of our total work force.

2) The expansion or contraction of our central city locations will vary according to marketing and processing demands and the hospitality of the central city environment.

3) We list all job openings with the appropriate Federal/State Employment Service Offices in the cities where we do business. We list many job openings with social service and community based agencies.

   In Hartford we have conducted the MOST (Modern Office Skills Training) Program since 1967. This program prepares economically and educationally disadvantaged individuals for jobs at The Travelers. The program consists of four weeks of skills training and six weeks of on-the-job training. During the period, students are paid an hourly rate and are guaranteed employment if they successfully complete the program.

   We also run the BEST (Business English for Spanish-Speaking Trainees) in Hartford. This program serves Spanish-Speaking people who already speak and write English (but not with sufficient fluency to enable them to secure a job) and who already have some degree of

skill in clerical work, or who have the potential for acquiring it. Those who successfully complete this program are guaranteed employment with The Travelers.

We are a cooperating company in the City of Hartford's Work Places Program which is a career educational high school program involving 300 Hartford High School students. This program operates as a work/study program with a basic career curriculum in five disciplines of which one is insurance. The insurance curriculum involves intensive study in basic writing, reading and mathematical skills.

The Travelers is also a participating company in the City of Hartford's Sarasin Youth Employment Program application. If this application is successful, The Travelers has initially committed for jobs plus a considerable financial contribution for supportive services.

4) Policies that would bring about the following conditions would encourage us to maintain or locate operations in central cities:

a) Adequate public transportation
b) Adequate police and fire protection
c) Qualified labor pool
d) A realistic determination by compliance agencies of the available protected classes work force.

I hope this information will be helpful in your deliberations, and please feel free to call upon us if we can be of any further assistance.

Very truly yours

A. W. Bradley

THE UNION CENTRAL LIFE INSURANCE COMPANY

CINCINNATI

HARRY ROSSI
PRESIDENT

December 1, 1977

U. S. House of Representatives
Subcommittee on the City
Committee on Banking, Finance and Urban Affairs
Of the Ninety-Fifth Congress
604 House Office Building Annex 1
Washington, D. C. 20515

Gentlemen:

I am replying to your letter of November 14, 1977, addressed to me as President of Union Central Assurance Corporation. This company, which is currently inactive, is a wholly owned subsidiary of The Union Central Life Insurance Company. Your questionnaire concerning central city locations is applicable only to the parent company and my response is so directed.

The Union Central Life has 25 sales offices located in central cities. These offices employ 307 persons out of a total of 745 in our sales organization.

We have plans to increase the number employed in certain of our central city locations to obtain a better penetration of the market in those areas. We do not presently plan to increase or decrease the number of central city locations. The chief factors which will influence our plans to expand in these locations will depend largely on our ability to attract and retain successful sales personnel. Additionally, unfavorable actions by state and local authorities through increased taxes may impact our plans for expansion.

We recruit sales personnel in virtually all of our central city locations. The recruiting activities are not specifically aimed at either the employed or unemployed. We are more interested in the individual's potential ability to sell life insurance than in their current employment status. Once a person is recruited for a sales position, he is given extensive training to increase his chances for success.

In response to question number two of your questionnaire, I alluded to certain governmental policies affecting our decision to locate or expand in central cities. Perhaps the strongest deterrent on a local level is the environment. We cannot expect our people to work in an area that is unsafe nor can we afford to

UNION CENTRAL BUILDING • P.O. BOX 179 • CINCINNATI, OHIO 45201

maintain an office in an area that is constantly burglarized. On the state level, taxes and regulation are of paramount concern. Taxes must be equitable and give incentive to expand. Regulation must be reasonable without adding unnecessary expense to an industry that is already in a cost squeeze. Federal government should co-operate with state and local governments in making the environment in central cities more conducive to expansion.

I hope our reply is responsive to your questions and useful to you. Our Company is pleased to have an opportunity to participate in this survey.

Sincerely yours,

President

Western-Southern Life

December 7, 1977

U.S. House of Representatives
Subcommittee on the City
Committee on Banking, Finance and
Urban Affairs of the
Ninety-Fifth Congress
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Sirs:

Mr. Safford, Chairman of the Board of this Company, has asked me to reply to your letter of November 14.

Ours is a life insurance company and its locations consist of a home office and a number of district sales offices. Our home office is located in the downtown area of Cincinnati, Ohio and we have district sales offices located in many of the states.

Your questions relate to Company operations. In addition to its activities in selling and servicing insurance, a life insurance company, by reason of the extent of its assets, can also affect the city by its investments. Cincinnati has an excellent downtown area and this Company has contributed to it. The Company's home office is downtown. The Company built a luxury apartment building next to the home office. In that connection, funds were expended to preserve and beautify Lytle Park which is an asset to the downtown and riverfront areas. The Company financed the 580 Building (a bank and 17 story office building) and the Formica Building which has an interesting mall and houses the Contemporary Arts Center among other things. Currently the Company is financing the 26 story Central Trust Center which is now under construction. These and other investment activities have contributed to the revitalizing of the downtown area in the past decade.

In answer to your specific questions:

1. The Company's home office and 160 sales offices are located in central cities and towns and employ 4052 people in these areas, slightly over half of all company employees. Twenty of these offices, with 1920 people, are employed in central major cities, nearly one-fourth of all company employees.

2. Like most life insurance companies this Company is constantly trying to expand its field force and increase its insurance sales.

400 BROADWAY · CINCINNATI, OHIO · 45202

3. The Company recruits aggressively for sales personnel in all cities where it does business and recruits clerical personnel as needed. All sales personnel go through a training program to prepare them to take the examinations which are required in order to be licensed by the states to act as insurance agents. They are given on-the-job assistance by management personnel. To be considered for employment the applicant, whether from the central city or not, must have the capacity to apply himself or herself to the training material, to pass the license examination and to carry on the activities of the sales representative in a manner which would comply with the state laws and regulations.

4. The key factor in locating or maintaining a sales office in a particular area is the presence in the area served by it of people who can buy insurance. Another factor is the ability to carry on sales activities safely. Thus, poverty and a high crime rate in a locality both discourage maintaining or locating operations there. Any government policies which would effectively attract people with disposable income to, and deter and eliminate criminal activities in, a locality would encourage the location of sales offices there.

We hope this response will be helpful for your purpose.

Sincerely,

William F. Meyer
Senior Counsel

D. RETAIL

ALLIED STORES CORPORATION
1114 AVENUE OF THE AMERICAS
NEW YORK, N.Y. 10036

OFFICE OF THE PRESIDENT

November 30, 1977

Hon. Henry S. Reuss, Chairman
U.S. House of Representatives
Subcommittee on the City
Committee on Banking, Finance & Urban Affairs
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Chairman Reuss:

I appreciate your invitation to present a retailers' view with respect to the critically important matters involving central cities raised in your letter of November 14th.

Our company's commitment to the maintenance, restoration and revitalization of many of the downtowns in which we operate department stores is more than a promise -- it is a reality. In this connection, I call the Committee's attention to: (1) the initiation of a multi-million dollar retail-hotel complex in Boston in conjunction with our Jordan Marsh department store, a project which will serve to revitalize and upgrade a depressed, blighted area, create hundreds of jobs and generally enhance the quality of life in that city's downtown; (2) our participation in the Omni project in Miami, where the addition of a major hotel, a leading chain store and retail mall to our existing department store, has created thousands of jobs, uplifted the declining surrounding area and generally benefited the economy of downtown Miami; (3) our involvement in a major multi-use urban revitalization program in downtown Harrisburg in which our Pomeroy's department store is participating in an effort to stem the spread of blight and economic decline in Pennsylvania's Capitol city; and (4) Minneapolis, where our Donaldson's department store is at the heart of an exciting central city development project which includes an office building and retail complex.

These are just a sampling of projects which underscores our involvement in inner-city development and rejuvenation. It should also be noted that I have held a belief in the importance of the urban core for some time. Thus, in a speech delivered to the International Council of Shopping Centers convention in Miami on May 5, 1975 entitled "The Challenge for Shopping Center Retailing", I observed:

> "However, let me issue one word of caution and advice if I may. Estimates have been made that 91% of the new centers scheduled for completion in 1975 will open in suburbia and

> 9% in central business districts. The estimates for 1977 are that these figures will be 78% suburban and 22% central business districts. Municipalities and public officials, as well as other private interests, are fighting to recapture what has been lost to suburbia. Historically, downtown areas have been the center of retailing, business, cultural and administrative activities. Programs supported by federal and local funds are developing based on concepts that can and will make an urban environment attractive and economically sound. We may see within the next decade many shopping areas located in high density urban areas which will be functionally and physically integrated into other uses such as offices, hotels, apartments, leisure and community activities."

It should therefore be clear to your Committee, Mr. Chairman, that Allied Stores has, and will continue to have, a deep and abiding interest in the economic and social viability of our cities.

However, it should also be borne in mind that our Company has an overriding responsibility to its shareholders and our thousands of employees -- and yes, to our Nation as a whole, because we are an important taxpayer -- to operate our stores at a profit. Thus, while we are committed to expand our physical facilities and assume reasonable risks in order to reach our customers in existing and emerging markets, we likewise withdraw and retrench where market conditions have deteriorated as a result of community blight, inadequate governmental economic planning and leadership, which leave us, as businessmen, no alternative but to close our store, be that location urban or suburban.

I am attaching herewith for the Committee's information a complete list of the communities in which Allied operates department stores, including our Almart-J.B. Hunter discount store division.

In response to the Committee's question concerning "new governmental policies needed to encourage location in central cities", I would suggest, among other things, that consideration be given to a new financial incentive in order to further such development. In light of the current depressed state of most of our American cities, and further, in view of the failure of governmentally sponsored urban development methods, the great majority of which have left numerous downtowns looking like London after the blitz, leaving in its wake increased criminal activity, inadequate schools and economic stagnation, new initiatives must be found in order to stimulate inner-city revitalization.

In this connection, the department store can play a vital role, inasmuch as it is accepted that without a major department store serving as the anchor that creates the traffic from which shoppers are drawn, retail core development cannot, and will not, take place in our central cities. Accordingly, in order to stimulate the return of the department store to our urban cores, or to encourage the investment in plant and fixtures as part of the remodernizing and rehabilitation of existing facilities, a new approach which I have labeled "Urban Investment Incentive Allowance" should be devised to serve as an inducement to retailers to make such investments. The clear and obvious national interest would be served by the enactment of such a plan inasmuch as such investments in department store plant and equipment would have the immediate effect of creating thousands of inner-city jobs, including vitally needed construction trade jobs, while at the same time revitalizing our cities through the free enterprise system, thus eliminating the need for government undertaking the initial cash outlays for such development, particularly at this time when there is great concern about governmental defaults and bankruptcy.

In addition to my suggestion for an Urban Investment Incentive Allowance concept, other than historical, there appears to be no reason for excluding real property from eligibility for the investment credit. Certainly retail expansion, and with it, an increase in employment, necessitates an expanded plant and equipment base. Further, particularly in light of the high unemployment rate which currently exists in many parts of the construction industry, this form of economic stimulant appears highly desirable.

It has been said that cities are the tangible expression of a nation's spirit. Your Committee should therefore be congratulated for its efforts to enhance the urban environment. Americans do not lack instinct, imagination and courage. Given the right encouragement and incentives, I have no doubt but that our people are capable of creating more amenable central cities which, both from an economic and social standpoint, are in our nation's interest.

Very truly yours,

Thomas M. Macioce

THE ALLIED STORES 168 stores total 26 949,000 square feet of gross store area

NEW ENGLAND

Jordan Marsh (11 stores 3,323,000 Sq. Ft.)	Sq. Ft.
Massachusetts:	
Boston	825,000
Braintree	311,000
Burlington	255,000
Framingham	349,000
Lowell	100,000
Malden	87,000
Peabody	371,000
Worcester	310,000
Portland, Me	202,000
Bedford, N.H.	187,000
Warwick, R.I.	326,000

Read's, Conn. (3 stores 559,000 Sq. Ft.)	
Bridgeport	165,000
Danbury	175,000
Trumbull	219,000

MID-ATLANTIC

Dey Brothers, Syracuse, N.Y. (4 stores 621,000 Sq. Ft.)	
Syracuse	306,000
Baldwinsville	50,000
Camillus	121,000
Shoppingtown	144,000

Gertz, Long Island, N.Y. (6 stores 1,574,000 Sq. Ft.)	
Jamaica	560,000
Bayshore	155,000
Flushing	279,000
Great Neck	72,000
Hicksville	307,000
Massapequa	201,000

Stern's, N.J. (6 stores 1,102,000 Sq. Ft.)	
Paramus	339,000
South Plainfield	60,000
Wayne	56,000
West Orange	92,000
Willowbrook	278,000
Woodbridge	277,000

Pomeroy's, Pa. (13 stores 2,022,000 Sq. Ft.)	
Harrisburg Area	
Harrisburg	201,000
Camp Hill	126,000
Colonial Park	137,000
Lebanon	47,000
Levittown	241,000
Pottsville	79,000
Reading Area	
Berkshire	156,000
Reading	324,000
Wilkes-Barre Area:	
Wilkes-Barre	135,000
Wyoming Valley	159,000
Wyoming	61,000
Willingboro, N.J.	175,000
Wilmington, Del.	181,000

Troutman's, Pa. (7 stores 483,000 Sq. Ft.)	Sq. Ft.
Butler	56,000
Connellsville	54,000
Greensburg	153,000
Indiana	47,000
Latrobe	47,000
New Castle	48,000
Washington	78,000

SOUTHEAST

Cain-Sloan, Nashville, Tenn. (3 stores 642,000 Sq. Ft.)	
Nashville	366,000
Green Hills	127,000
Rivergate	149,000

Jordan Marsh, Greensboro, N.C. (2 stores 267,000 Sq. Ft.)	
Greensboro	134,000
Four Seasons	133,000

Levy's of Savannah, Ga.	
Savannah	108,000

Jordan Marsh, Fla. (11 stores 2,180,000 Sq. Ft.)	
Miami	395,000
North Miami	244,000
Dadeland	215,000
Ft. Lauderdale	255,000
Lauderhill	134,000
Hollywood	152,000
Merritt Island	131,000
Orlando	230,000
North Orlando	159,000
Pompano	84,000
West Palm Beach	181,000

Maas Brothers, Fla. (14 stores 2,029,000 Sq. Ft.)	
Tampa Area:	
Tampa	191,000
North Tampa	141,000
West Shore	237,000
Gandy	54,000
Northgate	18,000
Bradenton	112,000
Clearwater Area:	
Clearwater	168,000
Country Side	142,000
Fort Myers	129,000
Gainsville	112,000
Lakeland	145,000
Sarasota	141,000
St. Petersburg Area:	
St. Petersburg	276,000
Tyrone Square	183,000

MIDWEST

Mabley & Carew, Ohio (9 stores 689,000 Sq. Ft.)	
Cincinnati Area	
Cincinnati	341,000
Beechmont	117,000
Switton	150,000
Western Hills	41,000
Middletown	47,000

Polsky's, Ohio (3 stores 607,000 Sq. Ft.)	Sq. Ft.
Akron Area	
Akron	408,000
Summit Mall	132,000
Canton	67,000

Wren's, Springfield, Ohio (2 stores 186,000 Sq. Ft.)	
Springfield	160,000
Upper Valley	26,000

Field's, Mich.	
Jackson	148,000

Hardy-Herpolsheimer, Mich.	
Muskegon	112,000

Herp's, Grand Rapids, Mich. (2 stores 403,000 Sq. Ft.)	
Grand Rapids	309,000
Wyoming	94,000

Block's, Ind. (9 stores 1,204,000 Sq. Ft.)	
Indianapolis Area:	
Indianapolis	497,000
Glendale	167,000
Lafayette Square	156,000
Southern Plaza	130,000
Washington Square	131,000
Bloomington (2)	23,000
Kokomo	21,000
Lafayette	79,000

Donaldson's, Minn. (7 stores 1,676,000 Sq. Ft.)	
Minneapolis Area:	
Minneapolis	587,000
Brookdale	170,000
Ridgedale	127,000
Rosedale	173,000
Southdale	179,000
Rochester	67,000
St. Paul	379,000

Black's, Waterloo, Iowa (3 stores 359,000 Sq. Ft.)	
Waterloo	264,000
Crossroads	39,000
Cedar Falls	56,000

Heer's, Springfield, Mo. (2 stores 188,000 Sq. Ft.)	
Battlefield Mall	25,000
Springfield	163,000

SOUTHWEST

Joske's, Texas (11 stores 2,333,000 Sq. Ft.)	
Houston Area:	
Gulfgate	205,000
Northline	161,000
Post Oak	308,000
Town & Country	208,000
Westwood	136,000
San Antonio Area	
San Antonio	550,000
Las Palmas	24,000
North Star	214,000
Windsor Park	132,000
Austin	206,000
Beaumont	137,000

Titche's, Dallas, Texas (9 stores 1,502,000 Sq. Ft.)	Sq. Ft.
Dallas	456,000
Irving	187,000
Lochwood	89,000
North Park	252,000
Preston Forest	117,000
Red Bird	100,000
Town East	164,000
Wynnewood	86,000
Arlington	51,000

Muller's, La.	
Lake Charles	118,000

NORTHWEST

Bon Marché, Wash. (11 stores 2,390,000 Sq. Ft.)	
Seattle Area	
Seattle	678,000
Northgate	303,000
Tukwila	260,000
Bellingham	57,000
Everett	80,000
Kennewick	107,000
Longview	70,000
Spokane	213,000
Tacoma	257,000
Walla Walla	55,000
Yakima	110,000

Bon Marché, Idaho (5 stores 306,000 Sq. Ft.)	
Boise	113,000
Idaho Falls	46,000
Lewiston	47,000
Nampa	60,000
Twin Falls	40,000

Bon Marché, Ore. (3 stores 196,000 Sq. Ft.)	
Eugene	96,000
Pendleton	32,000

Bon Marché, Utah	
Ogden	155,000

Missoula Mercantile, Mont.	
Missoula	95,000

Paris of Montana, Mont.	
Great Falls	55,000

ALMART-J. B. HUNTER DIVISION

(10 stores 1,553,000 Sq. Ft.)

Albany, N.Y.	145,000
Rochester, N.Y.	181,000
Bethlehem, Pa.	120,000
Wilmington, Del:	
Kirkwood	155,000
Concord	114,000
Louisville, Ky.	153,000
Knoxville, Tenn.	154,000
Memphis, Tenn.	
Chickasaw	134,000
Frayser Blvd	180,000
Whitehaven	119,000

Earl W. Smith
Chairman of the Board and President

Allied Supermarkets

December 12, 1977

U. S. House of Representatives
Subcommittee on the City Committee
on Banking, Finance and Urban Affairs
604 House Office Building Annex 1
Washington, D. C. 20515

Attention: The Honorable Henry S. Reuss, Chairman

Dear Representative Reuss:

In response to your letter of November 14, 1977, relative to our firm's commitment to the central city areas in which we operate, please be advised that our firm operates a number of retail units in the central city areas of Detroit, Michigan; Oklahoma City and Tulsa, Oklahoma; Erie, Pennsylvania; Lexington, Kentucky and several other cities throughout our area of operation. Currently our division offices, warehousing and distribution facilities, manufacturing facilities and corporate offices are either owned by the Company or on long-term lease commitment which makes it infeasible at this time to consider relocation.

During the last twenty-four months, Allied Supermarkets, Inc. has closed a number of retail units throughout the country. Due to the present financial condition of our firm, it is doubtful that we will be expanding to new additional locations in the foreseeable future. However, our firm, over the past several years, has been actively involved in various government sponsored projects to assist in the employment of those individuals who live in the central city areas. We have completed commitments to the U. S. Department of Labor for on-the-job training and employment made through the "New Detroit" committee for the employment and training of a number of central city individuals. In the past, we have also been involved in employment programs sponsored by the U. S. Department of Labor in our Oklahoma Division which again provided employment for those individuals living in the central city area.

I am pleased to state that our firm kept its commitments in all of these projects and the success achieved indicated that such programs were of mutual assistance both to the individual and to our Corporation.

Allied Supermarkets Inc. • 12425 Merriman Road • Livonia, Michigan 48150
Mailing Address: GPO 356, Detroit, Michigan 48232

We maintain on-going programs in the employment area wherever possible to assist the unemployed in the core areas. We shall continue to maintain this commitment through the assistance of various state and federal organizations. Our employment, though rather stable at this point, does require from time to time additional personnel. We utilize various state employment service offices in the areas in which the opening is to become available for the purpose of recruitment and selection. This provides the vehicle to insure that individuals living in the general locale of our facilities are given opportunities for employment.

Be assured that our Corporation intends to continue its commitment to employ individuals from the central city areas in which we operate. We certainly hope that other firms in our industry, and industries throughout the country, will continue to support these very worthwhile programs in order to alleviate the serious unemployment problem which currently exists in the central areas of our nation's cities.

Sincerely yours,

Earl Smith

Earl W. Smith

Dayton Hudson Corporation

777 Nicollet Mall
Minneapolis, Minnesota 55402

Executive Offices

January 10, 1978

The Honorable Henry S. Reuss
Chairman, Subcommittee on the City
604 House Office Building, Annex 1
Washington, D. C. 20515

Dear Mr. Chairman:

Thank you for your letter of November 14, 1977, signed by the membership of your Subcommittee, asking for certain information about Dayton Hudson Corporation's operations in central cities.

On the basis of discussion with Subcommittee staff, we are happy to provide this preliminary response and will follow up as soon as possible with more specific employment information.

Dayton Hudson is a diversified retail corporation with 1976 sales of $1.9 billion and anticipated 1977 sales in excess of $2 billion. We operate more than 450 outlets in 40 states, consisting of department stores; discount stores; specialty stores in jewelry, books and electronics; and a number of shopping centers. We anticipate considerable expansion during the next several years.

At this time, we can provide partial answers to Questions 1, 2 and 4 of your letter. As indicated above, a supplementary response will be forthcoming.

23-313 O - 78 - 38

1) CENTRAL CITY LOCATIONS:

Cambridge, Massachusetts

Lechmere Sales Discount Store and Headquarters

Chicago, Illinois

C. D. Peacock Jewelry Store and Main Office[1]
B. Dalton Bookseller Store

Detroit, Michigan

Hudson's Department Store, Warehouse and Headquarters

Las Vegas, Nevada

Diamond's Department Store

Minneapolis, Minnesota

Dayton's Department Store and Headquarters
Dayton Hudson Corporation Headquarters
Target Stores Headquarters
Dayton Hudson Jewelers Headquarters
J. B. Hudson Jewlery Store and Main Office[1]
Target Discount Store[2]
B. Dalton Bookseller Store[3]

Oklahoma City, Oklahoma

John A. Brown Headquarters

Philadelphia, Pennsylvania

J. E. Caldwell Jewelry Store and Main Office[1]
B. Dalton Bookseller Store[3]

Portland, Oregon

Lipmans Department Store and Headquarters
B. Dalton Bookseller Store[3]

St. Paul, Minnesota

Dayton's Department Store

San Diego, California

J. Jessop & Sons Jewelry Store and Main Office[1]

San Francisco, California

Shreve & Co. Jewlery Store and Main Office[1]
B. Dalton Bookseller Store[3]

2) EXPANSION AND CONTRACTION PLANS:

There have been public discussions concerning two specific locations: a possible Dayton's outlet in downtown Duluth, Minnesota and a possible replacement of Hudson's downtown Detroit store in a proposed downtown shopping center. Urban renewal and community development groups have approached our companies in a number of other cities. Dayton Hudson's primary expansion plans over the next five years involve suburban locations. As the members of the Subcommittee will realize, specific expansion locations are not ordinarily announced until final decisions have been made.

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[1]Division of Dayton Hudson Jewelers

[2]Located outside the Central Business District but in an inner-city, rather than a suburb, environment

[3]In addition to these cities, downtown B. Dalton outlets are located in Atlanta, Beverly Hills, Boston, Dallas, Denver, Hollywood, Lincoln, St. Louis, Spokane and New York City (September, 1978)

3) RECRUITMENT AND JOB TRAINING ACTIVITIES AIMED AT THE UNEMPLOYED:

Information is currently being gathered from the individual locations.

4) PUBLIC POLICIES THAT DISCOURAGE OR ENCOURAGE CENTRAL CITY LOCATIONS:

The key issue in location of a retailing operation is the presence or potential presence of consumers with spendable income. Stores are investments that anticipate a return, and potential locations are competitive.

A lack of customers is, therefore, the main barrier to maintaining a central city retail location or locating in a central city environment. Public policies which reduce potential trade discourage central city location, and public policies which increase the potential flow of consumers encourage central city location.

The most important public policy factors are, therefore, housing, employment opportunity (including opportunity for youth), security of persons and property, cultural and recreational attractions, transportation and traffic management and parking.

Making a central city viable for retailing means making it liveable--fostering an environment that encourages people to live in or near the central city and makes the central city attractive and accessible to people. Retailing cannot be healthy if the central city is deserted, either during conventional working hours or non-working hours.

Therefore, unsafe streets, poor schools, poor residential and commercial neighborhoods, joblessness, poor maintenance of streets and transportation, the absence of cultural and recreational amenities--all of the conventional signs of central city deterioration work against central city retail locations. People who have spendable incomes must be available and willing to shop in the central cities for retailing to be viable there.

Where these considerations are roughly equal between center city and other locations, the special central city overburdens of expensive services and land may also be a barrier. Special incentives for location might be effective here, for example, if a judgment were made that the social value of attracting retail businesses to a central city environment were worth targeting investment tax credit liberalizations to such locations. Property tax incentives fall into the same category.

Such economic development incentives will help attract retail businesses to a potentially prosperous central city, but they cannot replace policies that encourage people to work and live in the central city area and make the city a part of their lives.

Maintaining or creating that kind of environment requires a partnership effort that includes business leadership as well as government and other community leadership. As you no doubt know, Dayton Hudson Corporation makes a substantial effort to participate in that kind of partnership through its contributions program and relationships with other businesses and local and state government leadership.

An analysis of cities with healthy central city environments, including Minneapolis, might be worth the special attention of the Subcommittee in pursuing its concern over business investment in high unemployment areas.

We hope that this preliminary response to your letter will be helpful and we will provide more specific responses to several of your questions as appropriate information becomes available.

Sincerely,

Duane C. Scribner

Duane C. Scribner
Director of Public Affairs

GIANT FOOD INC. BOX 1804 WASHINGTON D.C. 20013

JOSEPH B. DANZANSKY
CHAIRMAN OF THE BOARD

December 14, 1977

Honorable Henry S. Reuss, Chairman
Subcommittee on the City
U. S. HOUSE OF REPRESENTATIVES
Washington, D. C. 20515

Dear Mr. Reuss:

I am pleased to reply to your correspondence of November 14, 1977. Our Company has long supported revitalization of our urban areas and I therefore welcome this opportunity to provide your committee with insight into our involvement in this vital area.

Our Company is a regional food and general merchandise retailer. We operate 115 retail stores, serving communities throughout Virginia, Maryland, and the District of Columbia. We only have three (3) stores in Maryland serving a true inner-city area, none in Virginia in a central city location, and five (5) stores out of seven in the District of Columbia serving the inner-city. The eight (8) stores mentioned employ approximately 500 Giant people out of a total work force (store operations) of 9,000 staffers.

We are currently planning to open our first new food store in the District of Columbia within the past ten years. It will be a shared ownership with two community organizations. This concept of joint ownership is a relatively new concept and one that is being repeated in major cities such as New York and Chicago. I have enclosed some news clippings on this new type of business venture. We are hoping to open our new Giant Food/Pharmacy combination store at the former O Street Market site at 8th and O Streets, N.W. during mid-1978. The store will be approximately 34,000 square feet. Sales are anticipated to be in the area of 8 to 9 million dollars annually. Total employment at the new store will be about 70 staffers, equally divided between full and part-time people. We will staff the store with as many area residents as possible.

In the area of recruitment, our Personnel Division has developed numerous programs aimed at the recruitment of qualified minorities, and we actively recruit personnel through formal fair hiring and promotion practices. This is carried out by our affirmative action programs, participating in local high school distributive eduation programs, through involvement with the annual Metropolitan Washington Board of Trade Summer Jobs for Needy Youth program, participation with the JOBS Program of the National

Alliance of Businessmen, involvement in the WIN Program - a work incentive program administered by state employment agencies, and through regular contacts with high school and college-level advisors, and referrals from local community organizations.

The subject of inner-city development has been a major issue that I have addressed many times. Last year a seminar entitled Conference on Problems of Inner City Food Distribution was held in Washington. Professor Donald Marion of the University of Massachusetts prepared a report on this subject which I have also enclosed for your review. I think your committee will find his study of interest.

I would also like to add that the primary barrier to the entry of supermarkets into the inner-city is the high cost of land. Our Company normally pays between $1.00 and $3.00 per square foot for multi-tenant space in suburban shopping centers. This is the case in about 95% of our suburban locations. The least desirable supermarket locations available in the District of Columbia cost between $6.00 and $9.00 per square foot. Many desirable locations, on which we would prefer to build our stores, cost between $100 and $250 per square foot.

Since we charge the same prices in all of our stores, regardless of location, and since we have a net profit of approximately 1% of sales, it is apparent that the inordinately high cost of land presents us with a prospect of a built-in loss situation.

Land costs are determined, in a free marketplace, by the laws of supply and demand. Inner-city locations are normally made up of an assembly of small parcels. Traditionally in the real estate business, small parcels bring a higher price, because there are more customers for them. Very large parcels, by contrast, have a much more limited market, and therefore prices are lower.

The only way to attract food retailers to the inner-city is to make land available to them at a reasonable cost, comparable to that which prevails in the suburbs. This grants no special favors to supermarkets, but rather, removes an unfair disability. There are higher operating costs in the District of Columbia, security, higher insurance rates, higher staff turnover, etc. - but they could be absorbed if land costs were comparable with those in the suburbs. We feel that the Giant - O Street Market concept is one method of bringing inner-city supermarkets back to the people. Another way, one that we have publicly advocated since 1966, is to

equalize land costs through the use of the city's urban renewal power. The Redevelopment Land Agency should purchase land, and then write it down to a lower price for recognized community uses and needs. Done properly, there could be a healthy competition for retail sites in inner-city areas.

If this concept works here as well as it has in Chicago, I am sure you will witness many more such efforts throughout our community and the Nation.

Sincerely,

Joseph B Danzansky

(The referred to news clippings and the report of Prof. Marion are retained in the files of the Subcommittee.)

JEWEL COMPANIES, INC.
DIVERSIFIED RETAILERS
O'HARE PLAZA
5725 EAST RIVER ROAD CHICAGO, ILLINOIS 60631

CORPORATE OFFICES

AREA CODE 312
693-6000

December 13, 1977

The Honorable Henry S. Reuss
Member U. S. Congress
Committee on Banking, Finance
and Urban Affairs
604 House Office Building, Annex 1
Washington, D. C. 20515

Dear Mr. Reuss:

Your letter to Donald S. Perkins inquiring of Jewel's operations in central city locations has been forwarded to my office for handling. We appreciate your interest in helping solve the many problems that corporations have in doing business in the major cities of this country and do hope that this letter will help you in your deliberations on this problem. Jewel is strongly committed to providing the best retail facilities possible for people living in urban areas. Our past record of building stores in the City of Chicago indicates this. The Jewel Food Stores, Osco Drug and Turn*Style department stores currently have 100 outlets located in the City of Chicago. A total of 10,989 full and part-time people work in these stores, representing 31% of the work force for these companies.

In 1977, 8 food stores, 4 drug stores and 1 discount department store were opened within the city limits of Chicago. These facilities are serving all economic and racial groups represented in this city and it seems reasonable to believe that Jewel will continue to expand its retail operations in Chicago. There are, however, major factors that determine future expansion plans in city locations. These include the availability and cost of land, as well as current zoning laws. We have found that zoning, for instance, many times has not kept pace with the needs of the community and these laws should be revised in order to have a viable retail entity. An important point for your committee to note is that large food stores currently being opened in the City of Chicago provide some 400 jobs at each location.

Currently, Jewel is actively involved in better than 30 organizations in Chicago and support more than 100 others through contributions. Additionally, our recruitment program is aimed at two-year and four-year colleges in the city. Recruitment emphasis is on blacks, Hispanic and females in these institutions. We employ a "community hire" approach to all new store openings. It is our objective to hire people who are indigenous to the community that the store will serve. We also are closely involved in the Junior Achievement Program as well as The Youth Motivation Program (that encourages students to complete high school through on-site "rap" sessions by Jewel management people). A job training venture with the Mayor's Office of Manpower, the Chicago Alliance of Business Manpower Services and Jewel has produced 40 job training slots for inner city youth during 1977. We anticipate broadening our involvement in this area in the future.

Local governmental policies tend to be the biggest stumbling block for retail expansion in the central city. The willingness of city governments to be flexible in their zoning which would allow larger, more efficient retail facilities to be built should be encouraged. The need for possible tax incentives to retailers would also provide an additional stimulus to those of us anxious to continue to do business in the central cities. These are just some of the areas that need attention.

Thank you for asking for our thoughts and suggestions. We would be very happy to sit down with your staff and discuss these subjects in more detail.

Sincerely,

Robert D. Jones
Vice President,
Public Affairs

Lucky

LUCKY STORES, INC., 6300 CLARK AVENUE, DUBLIN, CALIFORNIA 94566. (415) 828-1000

December 30, 1977

Honorable Henry S. Reuss
Chairman, Subcommittee on the City
Committee on Banking, Finance and
Urban Affairs
604 House Office Building, Annex One
Washington, D. C. 20515

Dear Chairman Reuss:

You have inquired respecting our Company's operations in central cities.

We have retail stores in several, including Oakland, Los Angeles, San Francisco, San Jose, Sacramento, Seattle, Tacoma, Houston, San Antonio, Birmingham and Madison.

Our plans for the opening of new stores and the closing of unprofitable ones are not related to whether the sites are or are not in central cities. If an existing store is a satisfactory operation, as some city locations are and some are not, we plan to continue it. If a store is unsatisfactory, and we are not successful in operational and promotional efforts to improve it, we attempt to phase it out, whether it is urban or not, because we feel that our shareholders and the customers of our other stores should not be required to subsidize unprofitable operations.

The major factors in the location of new stores are the availability of land and the concentration of potential customers. Obviously, these criteria often conflict, and it is extremely difficult to obtain sites of adequate size within mature cities. Even when an urban site can be located or assembled, it may well be that the cost is prohibitive. A market, for example, requires a site of approximately three acres and one of our membership department stores requires about ten acres. Such sites are hard come by in highly developed areas.

Vulnerability to loss from criminal activity is another factor seriously affecting some urban locations. An extreme case in point is our former location in the Watts area of Los Angeles. When that store was burned during the

riots of 1965, we promptly replaced it with a fine new facility comparable to our new stores being installed elsewhere at that time. Unfortunately, theft was commonplace and threats of violence to our staff became a frequent occurrence. After several years of trying, we felt that we could no longer ask our people to take the risks involved and we thus were forced to abandon our considerable investment in Watts. In contrast, for example, Oakland is generally satisfactory for us. Perhaps that contrast suggests the answer to one of the questions raised in your letter - that one of the keys to encouraging business, in the city or anywhere else, is the maintenance of social peace.

Our policy is to hire and promote on the basis of ability and performance. We have no recruitment program specifically designed for central cities, and our policy and our activities apply equally to urban and other areas.

Your letter mentions the suitability of central city locations for use as distribution and warehouse facilities. I believe that is a misconception. The same land availability problems faced respecting store sites are presented, geometrically expanded, when it comes to distribution centers. In the forties our Company's office and warehouse were in cramped quarters on a narrow street in Oakland's downtown produce district. Faced with the need for expansion, we sought to develop a modern and efficient facility with good highway access. What appeared to be the best available location, considering both utility and price, comprised 21 acres in the City of San Leandro, which adjoins Oakland to the south. As the years passed, that location (expanded meanwhile to approximately 65 acres) became overcrowded and secondary facilities were established in Sacramento, with resulting inefficiency. It became apparent that a larger and more modern facility was required. The San Leandro site, unfortunately, was not expandable to the size required. We carefully surveyed the Greater Bay Area and the adjoining valley areas. Site availability was the determining factor. We could find what we needed only in outlying locations. (Interestingly, our surveys also indicated that the somewhat increased travel distances that would be involved with an outlying location were more than compensated by the reduction in waiting time achieved from improved road patterns and avoidance of the traffic congestion encountered at our more central San Leandro location, particularly at morning and evening commute hours.) We selected a site of 126 acres at Vacaville, between Oakland and Sacramento, and the approximately 877,000 square foot automated grocery warehouse and the non-food warehouse there

are expected to be in full operation this coming summer, with our produce and processing facilities remaining at the San Leandro location. No substantially smaller site could have accommodated the required facilities and afforded appropriate expansion capacity, and we could not have achieved the anticipated efficiency on a site that did not have comparable road pattern and traffic flow advantages. I think it highly unlikely that such requirements could be met by a central city location, and we know from our survey that they could not be met in the Bay Area.

Very truly yours,

LUCKY STORES, INC.

W. H. Fisher
Chairman of the Board

Donald V. Seibert
Chairman of the Board

December 14, 1977

Honorable Henry S. Reuss, Chairman
U.S. House of Representatives
Subcommittee on the City
Committee on Banking, Finance and
Urban Affairs of the Ninety-Fifth Congress
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Mr. Reuss:

The JCPenney Company shares your concern about Central Cities and their unemployed, as well as the broader total unemployment problem. I am enclosing a copy of our 1976 Annual Report which contains excerpts from my testimony before the Joint Economic Committee of the Congress in February of 1977, and bears on the four questions in your letter.

Attached to this letter are general answers to your questions.

Sincerely,

Donald V. Seibert

(The J. C. Penney 1976 Annual Report referred to has been retained in the files of the Subcommittee.)

J.C. Penney Company, Inc. 1301 Avenue of the Americas, New York, New York 10019

Question 1

Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?

Answer

The major business of JCPenney Company is operating 1689 Retail Department Stores in 50 states and Puerto Rico. They are located in cities of all sizes, many in Central Business Districts.

For example -

Large Metropolitan Markets, 80 Units in Downtowns and 110 Units in Neighborhoods.

Medium Sized Markets, 165 Units in Downtowns.

Small Markets, 685 Units in Downtowns.

These 1040 Units represent 60% of our total retail units, the balance are in some type of shopping center. We also operate our Corporate Headquarters Office in New York City, and other types of Downtown offices in Los Angeles, Dallas, Atlanta, Oakland, Salt Lake City, and Washington, D.C.

Total employment in these retail and office facilities would approximate 44,000 or 23% of our January 1, 1977 work force of 183,000.

Question 2

What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?

Answer

Our corporate growth objective will be to continue our expansion rate of adding 5 to 6 million gross square feet each year.

Historically approximately 50% of this growth is in expansion and relocation of existing retail units, the balance in new stores or additional stores in a market. As a competitive measure, we will continue to enter new or existing shopping centers. However, we are making substantial investments in downtowns, inner city, and neighborhood locations.

Some examples are:

Hawthorne, California	Downtown	Full Line Store
Glendale, California	Downtown	Full Line Store
Culver City, California	Inner City	Full Line Store
Miami, Florida	Downtown	Full Line Store
Green Bay, Wisconsin	Downtown	Limited Line Store
Seattle, Washington	Downtown (purchased our building and land)	Limited Line Store
Bremerton, Washington	Downtown	Full Line Store
Minneapolis, Minnesota	Downtown (major renovation)	Full Line Store
Portland, Oregon	Downtown	Limited Line Store
Spokane, Washington	Downtown	Full Line Store
Des Moines, Iowa	Downtown	Full Line Store

(Our full line stores are large department stores which employ from 300 to 500 employees. Limited line stores have selected hard lines and would, depending upon size, employ between 100 and 300 employees. In the examples shown we estimate 3200 jobs).

Several additional downtown new stores are in the active negotiation stage.

23-313 O - 78 - 39

Answer (continued)

There are major factors which influence the growth of suburban shopping centers. These shopping centers:

- offer the consumer a wide variety of comparison shopping with 2 to 4 department stores and 75 to 150 specialty shops and service facilities,
- offer free parking and a comfortable shopping environment, and
- offer good locations with easy access with well developed road systems.

The city central business district, from a retailing point of view, can be viable and encourage investment in the city core if it also provides adequate public transportation and free parking, road systems, competitive mix of stores and a comfortable and safe shopping environment. The cities mentioned above have provided these factors and that is why we and other retailers are located in the downtown area.

Our company recognizes that 40% of the potential department store type merchandise business to be done in a market is located in this area. We and other retailers will make investments in central cities when cities provide the right retailing or office environment.

Question 3

What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?

Answer

In New York City we have trained and employed "Hard Core" unemployed and have remedial training teachers and courses to help associates upgrade themselves.

Each store or unit is responsible for hiring and training associates for their operation. We furnish training materials and equipment for all units. Regional training centers are maintained in New York, Dallas, Atlanta and Buena Park, Calif.

Question 4

Which existing federal, state or local policies, if any, discourage you from maintaining or locating operations in Central Cities? What new governmental policies would encourage you to maintain or locate operations in these areas?

Answer

Since JCPenney is primarily a retail store organization, our interest in locating or maintaining operations in Central Cities would be from a retail point of view.

Cities like Detroit, Cleveland, Akron, Oakland, New York and many others could benefit from urban renewal programs to create a suitable consumer retail environment. This would seem to require a coordinated effort in which the federal, state, county, and city governments all cooperate.

SAFEWAY STORES, INCORPORATED

Suite 809, 1730 M Street, N. W., Washington, D. C. 20036

Washington Representative

Telephone: (202) 659-1997

January 17, 1978

Honorable Henry S. Reuss
Chairman, Subcommittee on the City
Committee on Banking, Finance and Urban Affairs
House of Representatives
Washington, D. C. 20515

Dear Mr. Chairman:

This is in response to the joint letter of the Subcommittee on November 14, 1977 to Mr. Robert A. Magowan, the former President of Safeway Stores, Inc. In this letter the Subcommittee members requested information concerning the employment aspect of our company's operations in the central cities of the nation.

For background purposes, Safeway Stores is organized with 21 decentralized operating divisions throughout the country. Consequently, while general employment policies and practices are adhered to uniformly throughout these divisions, the attempt to present the data requested in the initial question:

> "Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?"

is difficult in our case. Necessarily, the absence of a clear definition of a "central city" has also caused problems in any data formulation.

Notwithstanding the above restrictions, we have attempted to indicate in our response (attachment) some significant data from one of our major operating divisions, the Washington, D.C. division. Additionally, our response to the other questions will apply generally to all of our operating divisions within the United States.

Safeway Stores, Inc. is pleased to respond to the Subcommittee's objective of developing proposals to aid the economies of the central cities. I am hopeful that the attached reply will assist in your most worthwhile endeavor.

Very truly yours,

John L. Prehn Jr.

JOHN L. PREHN, JR.
VICE PRESIDENT

Attachment

Reply to Questions in the Letter
of November 14, 1977 from the
Subcommittee on the City,
Committee on Banking, Finance,
and Urban Affairs
U.S. House of Representatives

Question 1: Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?

Reply: As noted in the covering letter, the initial portion of this response refers only to the employment in our Washington, D.C. Division.

Safeway Stores operates 34 retail outlets and one warehouse-type operation within the boundaries of the District of Columbia. Employee figures are as follows:

Retail Outlets	1,535
Warehouse	62
Administrative	6
Total	1,603

Of the 34 retail outlets, 27 are considered "inner-city" stores, and the warehouse function is located in a depressed area of the city. Our Landover, Maryland facilities, located on the fringe of the District, employs another 1,908 persons.

In addition to the Washington, D.C. area, it is estimated (on a company-wide basis) that we operate approximately 138 central city retail stores in 35 other cities in the United States. These retail stores employ approximately 6,200 persons.

Question 2: What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?

Reply: The factors influencing our plans to expand in the central cities include the following:

a. Land availability, either for new sites or expansion. The lack of desirable location sites, at reasonable costs, continue to be a major roadblock in locating new retail outlets in central cities. Redevelopment of both

housing and business areas provide opportunities for our expansion in such areas. As an example, Safeway has an involvement in two California redevelopment projects -- Riverside and Anaheim.

b. Prolonged delays and difficulties in acquiring proper zoning once desirable sites are identified and provisional purchase arrangements are made.

c. Business environment in central cities vis-a-vis suburban areas.

d. Unemployment compensation rates.

e. Variances of parking codes at prospective store locations.

f. Traffic congestion in central cities.

Our general plans for expansion in central cities, in the next five years, therefore, consist of remodeling, enlarging and replacing existing stores since the aforementioned costs and unavailability of land in central cities, in most cases, preclude the building of completely new facilities on new locations.

Question 3: What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?

Reply: Safeway aggressively recruits central city residents throughout our workforce and participates in several activities aimed at hiring central city residents. For instance, we regularly use minority agencies and state employment agencies to obtain applicant referrals and to train new employees. Many of the minorities hired and trained through such agencies are residents of central cities. To strengthen our minority recruitment effort, many of our divisions have located a hiring office in central city areas to encourage local residents to apply for work. Each of our hiring offices monitors the ethnic and sex composition of its job applicants to assure that adequate numbers of minorities and females are applying for jobs. Additionally, Safeway makes financial contributions to several community agencies that work with the unemployment problems of central city residents.

It should be noted, however, that it is often difficult to encourage central city residents to accept jobs in suburban areas. Many are simply unwilling to work outside the area in which they live and others are unable to commute to suburban jobs. Some find limited economic incentive in our jobs because almost all, both central city and suburban, offer only part-time work initially with progress to full-time based on seniority. We are giving special consideration to these problems and are actively seeking solutions that may be within our ability to influence.

Question 4: Which existing federal, state or local policies, if any, discourage you from maintaining or locating operations in central cities? What new governmental policies would encourage you to maintain or locate operations in these areas?

Reply: The most positive aspect of a governmental approach toward the encouragement of food retailers to maintain or locate operations in a central city would be a policy of accelerated write-off of building improvements.

SEARS, ROEBUCK AND CO.
SEARS TOWER
CHICAGO, ILLINOIS 60684

February 23, 1978

National
Headquarters

A. DEAN SWIFT
President
312-875-5400

The Honorable Henry S. Reuss, Chairman
Subcommittee on the City
Committee on Banking, Finance and Urban Affairs
604 House Office Building - Annex 1
Washington, D. C. 20515

Dear Congressman Reuss:

Sears, Roebuck and Co. shares your Committee's concern about the economic and social vigor of our central cities. We are pleased to provide the following comments in response to your letter of November 14 concerning our role in central cities. For this purpose we define central cities as those with populations of 250,000 or more as reported in the Office of Management and Budget publication, Standard Metropolitan Statistical Areas, Revised Edition 1975. There are fifty-five such cities, and we enclose a list of them.

Sears operates 128 retail stores, 54 appliance and satellite stores, 12 catalog merchandise distribution centers, 15 data processing centers, 5 accounts payable centers, 61 retail distribution centers, 3 fashion merchandising centers, 49 central service departments, 10 repair shops/training centers, 39 administrative and buying offices and 143 miscellaneous units such as contract sales offices, export stations and import pools in the fifty-five cities on our list. As of August 31, 1977, these operations employed 77,887 full-time and 53,339 part-time employes out of a total Sears workforce of 417,211 full- and part-time employes.

Our plans to expand or contract these many different units will depend upon the role they play in Sears complete merchandising operations and whether these operations, in turn, are expanding or contracting.

A rule of thumb is that we need 250,000 people with a normal income distribution to support adequately one full-line department store. Thus, we are not likely to be able to expand, let alone maintain, retail stores whose market areas are central-city neighborhoods experiencing either an outmigration of people or a significant decline in the gross disposable income of their residents. Sears, in fact, may be forced to reconsider operating some units in central-city locations in the years to come if present economic trends continue.

On the other hand, several of Sears largest operations -- our catalog merchandise distribution centers, commonly known as "mail-order plants" — are also located in central cities, several in neighborhoods which have or are experiencing deterioration and an outmigration of residents. Despite this, the company presently plans to spend $75 million in modernization and expansion of these facilities because they serve growing regional markets. In addition, proposals for further expansion of these facilities at a cost of additional tens of millions of dollars are under active consideration by management at the present time.

Thus, our plans to expand or contract our central-city operations are based on many factors -- the role of the unit in relation to Sears total operations, whether Sears itself is expanding or not, the market the unit serves, the profitability of the unit, even the comparative profitability of the unit contrasted with other similar units elsewhere. Sears has no blanket policy calling either for the expansion or contraction of its central-city operations. Rather, Sears engages in a process of evaluation of all its units to make certain the company as a whole operates at maximum possible efficiency and long-term profitability. In practice, this policy has resulted in the expansion of some central-city operations and the contraction of others, depending on individual circumstances.

When Sears finds it necessary to discontinue operating a unit or convert it to another use, we normally offer employes of the affected unit work at other company locations in the same metropolitan area. In addition, as a matter of policy, we also seek other uses for the unit which not only will strengthen the community but also possibly provide other employment opportunities for community residents.

An example of our policy in action occurred last year in St. Louis when a decline in business brought the closing of Sears Kingshighway store. Instead of abandoning the building, Sears entered into a management contract with the Urban League for the renovation of the store space. The Urban League, in turn, formed a subsidiary corporation which turned the building into a community services center housing both for-profit businesses and not-for-profit services and educational agencies.

We enclose a number of accounts of Sears activities surrounding the conversion of company units to new uses.

Of particular interest to the Committee in its concern for employment opportunities in central cities may be our recruitment and job-training activities. These activities are of two types -- those we conduct ourselves which lead to employment opportunities with Sears and those we conduct in cooperation with others which lead directly or indirectly to employment opportunities either with Sears or with other employers.

By far the most innovative and successful effort is Sears Affirmative Action program which has been described by the Committee for Economic Development as "a voluntary compliance program that matches any court-imposed affirmative action plan in its long-range goals." Under Sears program, the percentage of blacks in Sears total employment is greater than the percentage of blacks in the U. S. population — 13.4 percent in Sears workforce compared with 11 percent in the total population. Moreover, in the key job category of officials and managers, minorities occupy ten percent of all positions, compared with 1.4 percent in 1965.

The comprehensive manual Sears has developed to implement its Affirmative Action program is attached as an exhibit.

Sears also has assumed a leadership role in several other recruitment and job-training activities, including the National Alliance of Businessmen and, in Chicago, the Chicago Alliance of Business Manpower Services. We enclose recent news stories relating to the latter activity.

Also of possible interest is Sears Tower Ventures, Inc. a subsidiary corporation organized in 1975 and licensed as a "Section 301 (d) Licensee" by the Small Business Administration. As the small minority businesses aided by Tower Ventures grow, they, in turn, may provide employment opportunities of their own for central-city unemployed. Exhibits on Tower Ventures, Inc. are enclosed.

As you know, the impact of governmental policies on the economics of central cities has been the subject of a number of recent studies, including the Rand Corporation study, The Urban Impact of Federal Policies. We trust you are exploring this and other scholarly sources.

It is difficult to establish the effect of specific federal, state or local legislative or policy actions. We can say that, in general, those government actions which encourage or facilitate the outmigration of people from central cities or adversely affect the efficiency or profitability of central-city operations compared with operations elsewhere will tend to keep Sears from maintaining or locating operations in central cities.

For example, transportation policies which promote mobility may require us to locate facilities along transportation corridors or in the path of outmigrations from central cities. Housing policies which have the effect of increasing the percent of low-income families living in central cities may preclude us from expanding our operations there. Zoning policies, building codes or tax treatment which make it difficult or expensive to assemble land or build in central cities will limit expansion.

A good Sears community is one in which we — and other merchants as well -- receive strong community support. We need other retailers to help draw traffic from the community and we, in turn, help draw traffic for them. All too often these requirements are not met in central-city locations where Sears is the only major retailer.

In this letter we have stressed the significant economic considerations which guide Sears in the expansion and contraction of our central-city operations. There are, as the Committee knows, many social influences at work as well. Positive influences are the frequently superior cultural, artistic, athletic, health and medical and higher educational resources of many central cities. Negative influences may include a deteriorating, unbalanced or inadequate housing inventory, inadequate public elementary and secondary schools, political corruption, poor municipal services, including law-enforcement services, and a high incidence of individual social disorganization.

When negative social influences overwhelm neighborhoods or cities, our all-important community support declines, people simply leave and take with them the demand for our goods and services which is the very basis of our business. Thus the Committee's concerns about the economic and social vigor of our central cities are our concerns, and we welcome this opportunity to share our thinking with you and would appreciate the chance to work with the Committee in the future.

Sincerely,

A. Dean Swift

CENTRAL CITIES IN THE UNITED STATES WITH POPULATIONS OF 250,000 OR MORE

AREA	CITY POPULATION
AKRON, OH	275,425
ATLANTA, GA	497,000 (Approx.)
AUSTIN, TX	251,808
BALTIMORE, MD	905,759
BIRMINGHAM, AL	300,910
BOSTON, MA	641,071
BUFFALO, NY	462,768
CHICAGO, IL	3,366,957
CINCINNATI, OH	452,524
CLEVELAND, OH	750,903
COLUMBUS, OH	539,677
DALLAS, TX	844,401
FT. WORTH, TX	393,455
DENVER, CO	514,678
DETROIT, MI	1,511,482
EL PASO, TX	322,261
HONOLULU, HI	324,871
HOUSTON, TX	1,232,740
INDIANAPOLIS, IN	744,624
JACKSONVILLE, FL	528,865
JERSEY CITY, NJ	260,545
KANSAS CITY, MO	440,524
LOS ANGELES, CA	2,816,061
LOUISVILLE, KY	361,472
MEMPHIS, TN	623,530
MIAMI, FL	334,859
MILWAUKEE, WI	717,099
MINNEAPOLIS, MN	434,400
ST. PAUL, MN	309,980
NASHVILLE-DAVIDSON, TN	448,003
NEW ORLEANS, LA	593,471
NEW YORK, NY	9,075,565
NEWARK, NJ	382,417
NORFOLK, VA	307,951
OKLAHOMA CITY, OK	359,671 (Approx.)

U. S. Central Cities...
Page 2

OMAHA, NE	347,328
PHILADELPHIA, PA	1,948,609
PHOENIX, AZ	581,562
PITTSBURGH, PA	520,117
PORTLAND, OR	382,059
RICHMOND, VA	249,621
ROCHESTER, NY	296,233
SACRAMENTO, CA	254,412
ST. LOUIS, MO	622,236
SAN ANTONIO, TX	654,153
SAN DIEGO, CA	696,769
SAN FRANCISCO, CA	715,674
OAKLAND, CA	361,561
SAN JOSE, CA	445,779
SEATTLE, WA	530,831
TAMPA, FL	277,767
TUCSON, AZ	262,933
TULSA, OK	328,471
WASHINGTON, DC	756,510
WICHITA, KS	276,554

TOWER VENTURES, INC.

Name and Location of Firm	Product or Service	Date Tower Ventures Relationship Started	Tower Ventures Investment	Additional Services
Urban Enterprises Chicago, IL	Manufacturer Vinyl Products	February, 1975	$100,000 8% Term Loan	Management and Engineering Assistance
Highland Community Bank Chicago, IL	Banking	January, 1976	$50,000 10% Cap Note 50,000 $80 Preferred Stock	Management Assistance
Audrey Frazier, Inc. New York, NY	Women's Fashion Clothes Contractor	January, 1976	$30,000 8% Preferred Stock	Management, Finance, and Marketing Assistance
Photography Unlimited, Inc. Chicago, IL	Catalog Photography	March, 1976	$35,000 8% Term Loan	Management Assistance
Shindana Toys, Inc. Los Angeles, CA	Toy Manufacturer	March, 1976	$150,000 5-7% Pref. Stock	Management and Engineering Assistance
Mears Insulation Co., Inc. Seattle, WA	Insulation Contractor	April, 1976	$14,000 8% Term Loan	Management and Accounting Assistance
Charlie Moore Tire and Service Center St. Louis, MO	Selling tires and servicing cars	July, 1976	$150,000 8% Preferred Stock	Management Assistance and additional assistance needed to start up his business.
Amani Fashions Mount Vernon, NY	Sportswear Contractor	March, 1977	$27,000 5% Preferred Stock with Warrant $73,000 10% Debenture	Management, Finance, and Marketing Assistance

TOWER VENTURES, INC.

Name and Location of Firm	Product or Service	Date Tower Ventures Relationship Started	Tower Ventures Investment	Additional Services
New Harper Corporation Chicago, IL	Manufacturer Pet Supplies	May, 1977	$200,000 10% Term Loan	Management and Engineering Assistance
North Milwaukee State Bank Milwaukee, WI	Banking	June, 1977	$130,000 Preferred Stock with Warrants	Assisted in finding additional sources of capital
Blackfeet Indian Writing Co. Browning, MT	Manufactures pens/pencils	January, 1976	$150,000 Preferred Stock with Warrants	Management and Engineering Assistance
Progressive Building & Remodeling Inc. El Paso, TX	Contractor, Gravel roof, construction, etc.	August, 1977	Possible Investment Amounts to be determined later	
Midwest Cabinet Mf. Co. South Bend, IN	Wooden tables for recreational vehicles	September, 1977	Possible Investment Amounts to be determined later	
Panama Glove Co., Inc. Los Angeles, CA	Manufacturer of work gloves	April, 1977	Possible Investment Amounts to be determined later	
Prepac, Inc. Bronx, NY	Manufacturer Vinyl Products	November, 1977	$200,000 10% Debenture with Warrants	Management, Engineering and Marketing Assistance

The Stop & Shop Companies INC P.O. BOX [illegible] MASS 02101

Bernard Solomon
VICE PRESIDENT
TEL: (617) 463-4282

December 8, 1977

The Hon. Henry S. Reuss, Chairman
Subcommittee on the City
Committee On Banking, Finance and Urban Affairs
United States House of Representatives
604 House Office Building - Annex 1
Washington, D.C. 20515

Dear Congressman Reuss:

In response to the letter of November 14, 1977, signed by the members of the Subcommittee, we can provide you with the following information concerning the commitment of The Stop & Shop Companies to maintain and increase our operations in high unemployment areas such as the central cities.

We employ 26,000 people in our 160 Supermarkets, 74 Bradlees Department Stores, 40 Medi Mart Drug Stores, 48 Perkins Tobacco Shops and several manufacturing facilities. This business is conducted in 7 Northeastern States.

As retailers, we attempt to locate our stores where they will be convenient to the bulk of the people. Thus, we have stores of our Operating Divisions in all the major cities in our trading area and intend to maintain and expand this presence. For example, in 1978, we are planning to open a new Supermarket and Drug Store in the Vailsburg section of Newark, New Jersey. Our large bakery and the Administrative Offices for our 3 Operating Divisions are located in Boston.

Concerning recruitment and job training activities, Stop & Shop has worked with such programs as JOBS Clearing House, Ex-Offender, Job Mart for Veterans and the City of Boston Mayor's Special Youth Promotion for Summer Jobs.

23-313 O - 78 - 40

To date, we have encountered no serious problems with existing Federal, State or local policies which discourage us from maintaining or locating operations in central cities.

I hope the Subcommittee finds the above information useful in its survey of major corporations. If we can be of any further assistance, please do not hesitate to communicate with me.

Sincerely,

Bernard Solomon
Vice President
Civic, Governnent &
Community Affairs

F. W. WOOLWORTH CO.

EXECUTIVE OFFICE / WOOLWORTH BUILDING / NEW YORK N Y 10007 / TELEPHONE (212) 227/000

H. P. SMITH
VICE PRESIDENT

December 12th, 1977

The Honorable Henry S. Reuss
Chairman
Committee on Banking, Finance
and Urban Affairs
U.S. House of Representatives
Washington, D. C. 20515

Dear Mr. Reuss:

This is in answer to your request of November 14th which was addressed to our President and Chief Executive Officer, Mr. E. F. Gibbons, concerning proposals to aid city economics.

First, let me explain the F. W. Woolworth Co. operations in the United States:

a. Frank Woolworth established his first successful 5¢ & 10¢ Store in Lancaster, Pa., in 1879, nearly 100 years ago, bringing to the masses of people everyday staple needs, seasonal items, and many new items never before seen or in the reach of the average citizen.

b. Today there are about 1,450 Woolworth stores located in all 50 states, and many are in the urban downtown areas of most cities.

c. In 1962 the Woolco discount type department stores were established, and there are presently 275 stores in 39 states; however, these are located in or near shopping centers adjacent to or on the periphery of many major market areas.

c. In 1962 Woolworth acquired what is now known as the Kinney Shoe Corporation with stores catering to white and blue-collar workers of the nation. They operate 1400 retail stores & 234 leased departments.

d. In 1967 The Richman Brothers Company, a men's ready-to-wear manufacturing and retail firm, became a subsidiary; and they operate 280 stores mostly in shopping centers; and they too cater to the average citizen.

These four operations are very competitive and specialize in popular priced merchandise, striving to bring good values at the best possible price.

Regarding the information you have requested in points one and two, the Woolworth Executive Office has been since 1913 in downtown Manhattan; Kinney also have their Executive Offices in the Woolworth Building. We have no intention of moving from this location. In fact, there is a great modernization program underway.

There are presently 1,230 Woolworth and Kinney employees working in the Building. There are 3800 full & part-time employees in New York City stores.

At present we are operating some 850 Woolworth stores within the city limits of major urban centers or major metropolitan areas of the country. Not all of these locations are in the downtown central business district but would be within the city limits. These 850 stores employ approximately 37,000 full-time and roughly 18,000 part-time personnel.

At this time we do not anticipate any substantial number of additional closings. In fact they will probably be considerably less than the average of the past five years. Many of these cities have stabilized. For the most part we feel these inner city stores will remain profitable units and should continue to operate successfully for a number of years.

While we are generally well established and do not anticipate any large number of inner-city openings in future years, we continue to look for new locations in strong, viable, downtown areas such as the Market Street redevelopment area of Philadelphia where we opened a new store in 1977. We have large successful Woolworth stores hiring large numbers of people in such major cities as: Boston, Minneapolis, Harlem, New York City, Chicago, Houston, New Orleans, Los Angeles, San Francisco, and Denver, to name just a few.

Kinney at present is operating 49 stores in what they consider major central cities throughout the United States. These do not include downtown stores in such cities as Fargo, North Dakota, Billings, Montana, etc. In the 49 stores in the major central cities the workforce is approximately 300 full-time and part-time employees. Kinney's total workforce in the United States is some 16,500 people.

At present Kinney does not believe the existing 49 stores will be decreased by anymore than one or two stores in the next few years. Almost all are profitable locations.

Kinney expects to open some 12 to 15 new retail stores in the major central cities if present plans are completed.

Basically, Kinney's future increase or growth in major central cities is the possible development of strong shopping centers, such as recently developed in downtown Philadelphia and the Omni Center in Miami.

Richman Brothers has a factory and offices in the central city of Cleveland, Ohio. This facility employs approximately 1,066 people out of a total workforce of about 3,550.

Richman has no plans to either expand or contract its Cleveland facility in the next five years. They have recently added significantly to their employment there in conjunction with the centralization of their credit and accounting operations.

Regarding Question #3, the Woolworth Company, including both Woolworth and Woolco operations, is cooperating with the Government sponsored and endorsed program of N.A.B. (National Association of Businessmen); however, we take no subsidy for training, as we have outstanding on-the-job training programs for management trainees and for other classifications. As you know, many young people just out of school find their first jobs in our stores.

Kinney has no job-training activity specifically aimed at the unemployed in central cities. Their operation in the major cities is in essence really too small to develop specific training programs for the unemployed, as such stores employ on the average of five to eight individuals. They do, however, follow their usual training program as elsewhere.

Richman does give a rather extensive job training to its newly hired production employees, many of whom live in the central city and many of whom were previously unemployed. Most of these people begin their jobs with few skills and are trained for various sewing and pressing operations by Richman.

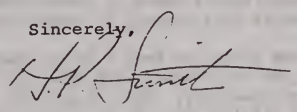
In answer to #4, we know of no specific Federal, State or local policy which would help us to further our operations in the central cities other than possibly some subsidies or grants given to shopping center developers for the creation of centers such as being developed in Chicago.

We might suggest a few things for consideration that could be of help to others, such as: lower taxes, business subsidy, stronger crime prevention, adequate transportation, and a general reduction of antibusiness attitudes on the part of some Governmental bodies.

I trust the preceding answers your questions.

Please call if you need further information.

Sincerely,



Zayre Corp.
Framingham, Massachusetts 01701

December 22, 1977

Honorable Henry S. Reuss
Sub-Committee on the City/Committee
on Banking, Finance and Urban Affairs
of the 95th Congress
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Congressman Reuss:

We have your letter of November 14, 1977 and, in all honesty, have considerable difficulty in answering the letter in quite the simple and clear-cut terms in which you posed your questions.

However, with that small caveat, we will try to do our best:

1. As we would define central cities, 39 of the 256 Zayre Discount Department Stores are located in central cities. We would estimate that about 3300 employees work in these 39 stores, or over 15% of the total employees in the Zayre stores.

   Additionally, we have one central city distribution center and one buying office. These employ about 350 people.

2. Our real estate plans do not go out as far as five years but we can tell you that we are planning to add three central city stores in 1978 and are looking into the possibility of more in 1979. We are currently in the process of closing one of the existing 39. Major considerations that go into adding new stores are population densities that provide the likelihood of achieving volume levels that would be sufficiently high to earn a profit. In the three locations that we will be going into, the population is extremely dense and is not being adequately served by modern retail facilities. The store that is being closed down was not profitable.

3. While there are no recruitment or job training activities that we sponsor that are specifically aimed at unemployed in central cities, the successful operation of central city stores, in and of itself, creates job opportunities.

4. As noted above, we have a large number of stores in central cities. By and large, we are pleased with them and would like to locate more stores in that type of community. They do provide a lot of employment and that is desirable from a city's point of view. It also has a feedback effect in putting more dollars into the community, some part of which will be spent in our stores. Moreover, we have found that the central city customer likes the value offerings of our type of store.

The major difficulties that come into consideration in decisions on central city locations involve high operating costs largely based on extremely high real estate taxes as well as difficulties in securing adequate financing for new construction by virtue of the fact that conventional lending institutions tend to prefer other types of locations. We find, too, that there are other operating costs which tend to be higher in central city locations. In this regard, we would be less than honest with you if we did not face up to the fact that central city locations tend to have a higher inventory shrinkage than the average retail location.

From a state point of view, state regulations are often so complicated that they actually discourage plans to rehabilitate central city sites that might otherwise be desirable. On a local basis, taxing authorities are often very difficult and their policies have often mitigated against development of central city locations.

I do hope the above has been useful to you and your committee. If you have any further questions, please feel free to contact us again. We are interested in this topic and would hope that your efforts bear fruit.

Yours truly,

Sumner L. Feldberg
Chairman of the Board

E. TRANSPORTATION

BURLINGTON NORTHERN

LOUIS W. MENK
Chairman

176 East Fifth Street
St. Paul, Minnesota 55101

Honorable Henry S. Reuss
Chairman
Subcommittee on the City Committee on Banking,
Finance and Urban Affairs
U. S. House of Representatives
Washington, D.C. 20515

November 29, 1977

Dear Mr. Chairman:

I am pleased to respond below to the four questions contained in your letter of November 14 as with respect to the plight of our central cities:

1. The information requested is contained in the attachment in a format agreed upon by your staff.

2. For the next five years, only a minimal expansion in our present work force will take place.

3. Most of our entry level positions require a level of skill which we make available to new employees through in-house training programs. These programs run from three days to four years in duration. In addition, we are participating in government CETA training programs for the disadvantaged.

   Our recruiting efforts are directed toward high unemployment areas. For example, all of our jobs are listed with the appropriate local unemployment offices which tend to be located in the central city. In addition, we have contacts with minority and youth organizations where unemployment is higher than average.

4. There are a multiplicity of existing federal, state or local policies which discourage railroads from locating operations in central cities. For instance, some cities encourage railroads to relocate away from the more densely populated cities for redevelopment and housing projects, many of which are funded by the Government. Taxation, restrictions on operations and environmental rules and regulations all dampen rail-oriented industries in their efforts to locate in the central cities. Railroad operations and physical plant have generally been established in the central cities for many years. We find that at many central city locations the industries oriented toward rail service have been relocating their facilities when expanding rather than renovating existing or obsolete plants. The main thrust of this question can best be answered by industry since the railroad industry stands ready to supply the necessary transportation that is needed.

   Governmental policies should be expanded to make funds for grade crossing protection available to the railroads. A step in this direction would certainly help the railroads' operations in central cities.

Sincerely,

Attachment I

*WORK FORCE DISTRIBUTION
(CENTRAL CITIES)

TOTAL EMPLOYEES 46,157
(Sept. 1977-Parent Company only)

CENTRAL CITY	NO. EMPLOYEES	%
Denver, CO	998	2.2
Council,Bluffs, IA	75	.2
Sioux City, IA	237	.5
Duluth, MN	206	.4
Minneapolis, MN	1832	4.0
St. Paul, MN	4364	9.5
N. Kansas City, MO	667	1.4
St. Louis, MO	176	.3
St. Joseph, MO	288	.6
Billings, MT	318	.7
Great Falls, MT	365	.8
Fargo, N.D.	307	.7
Lincoln, NE	2744	5.9
Omaha, NE	433	.9
Aurora, IL	551	1.2
Chicago, IL	1959	4.2
Peoria, IL	47	.1
Portland, OR	450	1.0
Sioux Falls, S.D.	57	.1
Seattle, WA	1882	4.0
Spokane, WA	1680	3.6
Tacoma, WA	423	.9
LaCrosse, WIS	444	1.0
TOTAL	20,503	44%

*Includes cities with at least 50,000 people in which we have 25 or more employees.

Hays T. Watkins
Chairman and President

The Terminal Tower Cleveland, O. 44101
2 No Charles St. Baltimore, Md 21201
216 623 2460 301 237 3455

December 12, 1977

The Honorable Henry S. Reuss, Chairman
Subcommittee on the City
Committee on Banking, Finance and Urban Affairs
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Chairman Reuss:

I am very pleased to provide information to assist your Committee and its Sub-Committees in considering proposals to aid city economies. Following are my answers to the four questions in your letter of November 14, 1977:

1. Chessie System operates in thirteen states, the District of Columbia and Ontario Province, Canada. Of the 38,000 full-time employees, approximately 6,000 are located in the following central cities:

Cleveland, Ohio	Baltimore, Maryland	Huntington, West Va
Cincinnati, Ohio	Pittsburgh, Pennsylvania	Detroit, Michigan

The large amount of land area required for our transportation activities generally places our labor forces on the fringe or outside central city areas.

2. As a transportation company, our operations are influenced to a great degree by the economy in general. We do not anticipate an expansion of our labor force in the next five years. However, there may be some re-arranging and/or reduction in the labor force during that period due to changes in traffic patterns, maintenance activities and technological advances.

3. The State Employment Services are used almost exclusively throughout our operations area. Thus, we have direct access to a large portion of the unemployed in the central cities and are able to provide job opportunities to those qualified.

4. With the exception of office staffs, the nature of our business precludes railroads from locating operations in central cities. The construction of new rail facilities, or the expansion of existing ones, requires substantial amounts of land. From a cost standpoint, developed property in the central cities can not compete with undeveloped land in the suburbs, or rural areas. The expense of acquiring developed land, and demolishing the buildings and structures, is prohibitive compared to other alternatives.

Furthermore, railroad yards and facilities have a low ratio of employees per square foot of land. Modern computerized yards are not labor intensive. I believe real estate in the central cities could be better utilized to achieve more beneficial social objectives. Chessie's Grand Central property at Chicago, Camden property at Baltimore, and Brooke Avenue property at Norfolk are several examples, out of many, where our former rail facilities in the heart of central cities will be used for residential and commercial purposes.

Because of the inherent nature of rail operations, it is questionable whether governmental policy should encourage railroad expansion in densely populated areas. I share the views expressed in the third paragraph of your letter that promotion of warehousing, service industries, and retail activities, would be compatible with good urban planning.

You have my very best wishes for success in finding solutions to the economic and unemployment problems of the central cities.

Sincerely,

Hays Watkins

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY

JAMES R. WOLFE
PRESIDENT AND CHIEF EXECUTIVE OFFICER
DIRECT DIAL NUMBER
312-454-6001

December 12, 1977

Honorable Henry S. Reuss
Chairman, Subcommittee On The City
Committee On Banking, Finance &
Urban Affairs
604 House Building Annex 1
Washington, D. C. 20515

Dear Mr. Reuss:

Your letter of November 14, concerning unemployment in the central cities touches upon a subject of concern to our company. We recognize the need to maintain or increase operations in those areas subject, of course to the practicalities of the national economy and corporate well-being.

Our employee-owned company will continue making every effort to maintain our present facilities and operations in the central cities involved, and to continue our intensive recruiting and training of newly-hired employees. By far the majority of personnel we recruit in the central cities are from the unemployment rolls, and all new employees undergo training within the most comprehensive training activity in the railroad industry.

At this time, approximately one-third of our work force of 13,000 personnel is located in the central cities areas. Our corporate headquarters, seven sales offices and several major operational functions are similarly located.

Our company was the first in the country to commit itself to an active HIRE program, which concentrates upon hiring and training unemployed veterans and economically disadvantaged persons. We will continue our efforts in this area, and are actively seeking other federal assistance with the high costs of upgrading training, which is the most logical way to create vacancies in entry-level jobs for unemployed persons.

One of the continuing deterrents to the expansion of hiring and training is the high cost involved, which in many companies is so high that extensive hiring and training of unskilled persons is not feasible, despite the best of intentions. If funds for upgrading training were more easily obtained, with much-simplified administrative involvements, more companies might be disposed to open wider the entry-level door for untrained new employees.

400 WEST MADISON STREET · CHICAGO, ILLINOIS 60606

While we do have other local problems which discourage growth of activities, such as the Chicago "head tax" on persons who work in the city but live in the suburbs, we are surviving. Perhaps the most discouraging of all is the federal policy of subsidizing our direct competition, the barge lines and inter-city truck operations. Competing against the Corps of Engineers, and against the Highway Fund grows increasingly difficult for operationally self-supporting railroads.

The governmental pressures upon industry, from an expanding multitude of directive agencies which cover virtually every facet of corporate existence, have created serious industry reluctance to become further involved with bureaucratic controls. Industry is regularly threatened by federal or state agencies with overlapping authority in identical function areas, and finds itself too often in the middle of untangling bureaucratic snarls. If agencies were fewer, and agency authority more clearly defined the present fears for corporate survival, in the face of increasing controls might be reduced to a more acceptable level. These conditions must be carefully considered when any company is studying whether to maintain or expand functions in a central city - or anywhere.

Because we feel for the plight of the unemployed, and for maintaining a healthy company for our employee-owners, we hope that your attention to the several problems involved will help industry and government arrive at equitable and truly productive solutions in this matter.

Sincerely,

CONSOLIDATED FREIGHTWAYS, INC. The CF Company

RAYMOND F. O'BRIEN
President and Chief Executive Officer

December 13, 1977

The Honorable Henry S. Reuss
Chairman
House Subcommittee on the City
Committee on Banking, Finance and Urban Affairs
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Representative Reuss:

Since our company has several hundred locations, my answers to your letter of November 14 will be somewhat general in nature.

Our facilities may be divided roughly between motor freight terminals and related maintenance and dispatch facilities, and manufacturing plants. Assuming that a central city location is one readily accessible by public transportation, we would estimate approximately 75% of our terminals are located in central cities. This would amount to 158 locations out of 212, employing a little under 10,000 people. Many of these cities, of course, are not the major population centers with which your committee is principally concerned.

We have no plans to contract any of these operations, and our expansion plans include additional terminals as economic conditions permit. Naturally, the major factor influencing location of freight terminals is the location of industrial plants in the area and convenience to highways.

As to manufacturing, we have two locations in central city locations, employing approximately 2,600 people representing about 65% of the total. There are no plans to expand or contract these facilities.

601 CALIFORNIA STREET · SAN FRANCISCO, CALIFORNIA 94108 · (415) 397-4161

We believe our normal recruitment efforts reach the unemployed in central cities. Our activities include our own training school for truck drivers, comprehensive training of manufacturing personnel, and sponsorship of the programs of the National Alliance of Business and the Urban League.

As to question four, as to governmental policies which discourage locating in central cities, we would have to include zoning, traffic flow restrictions, higher property taxes, restrictions on trucks, and lack of highway access. There is also the fact that there is very little truck freight being generated in central cities, since manufacturing operations now tend to be dispersed around the city and in the suburbs. It is hard to see how new governmental policies could affect our situation to any degree.

We would be happy to answer any specific questions you may have about our operations.

Sincerely,

DELTA AIR LINES, INC.
HARTSFIELD ATLANTA INTERNATIONAL AIRPORT
ATLANTA, GEORGIA 30320

R. W. ALLEN
SENIOR VICE PRESIDENT
PERSONNEL

December 16, 1977

The Honorable Henry S. Reuss
U. S. House of Representatives
Chairman, Subcommittee on the City
Committee on Banking, Finance and Urban Affairs
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Mr. Reuss:

We are pleased to have the opportunity to respond to your letter of November 14, 1977, concerning Delta's employment practices within central cities.

Like you and members of your committee, we are concerned with the plight of our central cities, and we are doing our best to act responsibly and positively to help cure the problem.

At the present time we employ approximately 2,200 persons (out of a total work force of nearly 30,000) in central city areas. These persons perform primarily marketing functions and utilize the central city locations as bases from which an entire metropolitan area can be covered, Delta operates into 84 cities in the United States, and we have central city business offices in practically every city we serve.

As you know, our business is air transportation, and much of our work force must, of necessity, be employed at the airports serving these metropolitan areas. Atlanta is our headquarters, and the majority of our maintenance and overhaul work is performed here at the Atlanta Airport. We employ 11,891 persons in Atlanta, and this represents 39.6% of our total work force.

While we have no specific program aimed at the unemployed in central cities, Delta recognizes its responsibility as a significant corporate citizen and a community leader in each of the cities that it serves. Delta is proud of the role that

it has played in assisting minorities and females to realize their full potential through an increased involvement in the economic and social mainstream of their communities. Throughout the Delta system there are many training and educational programs and organizations that assist in upgrading the skills of our employees and help to prepare individuals for the world of work. Such programs and organizations have been and will continue to be supported by Delta.

As you are well aware, access to the central city areas of many of our major cities often involves lengthy commuting by car, public transportation, or in combination. Both the en route times involved and the costs for parking and/or public transit often mitigate against locating reservations offices in these areas.

Another problem we have experienced, and which appears common to many central city locations, is the question of security and safety for employees who arrive and depart these areas late at night as shifts change. The only answer to this is more adequate police protection coupled with increased nighttime population of these areas, which we appreciate your committee is attempting to achieve.

We appreciate the opportunity to provide you with our views on this subject and hope they are useful to your committee.

Cordially,

McLean Trucking Company

EXECUTIVE OFFICE, 617 WAUGHTOWN STREET
WINSTON-SALEM, NORTH CAROLINA
27107

MAILING ADDRESS
P. O. BOX 213
ZIP CODE 27102

December 13, 1977

Henry S. Reuss, Chairman
U. S. House of Representatives
Subcommittee on the City
Committee on Banking, Finance and Urban Affairs
of the Ninety-Fifth Congress
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Committee and Subcommittee Members:

Your letter of November 14, 1977 to Mr. Amory Mellen, President of McLean Trucking Company, concerning our central cities and their unemployed has been forwarded to this office for reply.

I will answer your questions 1 through 4 in your letter to the best of my ability.

1) Locations in or near central city and number of employees:

Providence, R.I.	76	St. Louis, Mo.	124
Kearny, N.J.	196	Burlington, N.C.	7
Philadelphia, Pa.	91	Evansville, Ind.	33
Milwaukee, Wisc.	28	Grand Rapids, Mich.	28
Detroit, Mich.	131	Lansing, Mich.	5
Maspeth, N. Y.	127		

2) We have no plans to expand in any of these locations within the next five years because of the following:

1. no space
2. congestion
3. lack of security
4. zoning
5. miscellaneous codes
6. complaints - i.e. noise, lights & traffic

3) Not applicable to us

4) Policies which discourage locating in central cities:

1. zoning delays on new sites
2. EPA requirements
3. building costs higher, often caused by antiquated building codes, i.e. building codes not listing truck terminal per se but calling them "warehouses" thus building inspectors require sprinklers as though storage of material was common
4. even if all codes could be complied with, the availability of land with the required minimum frontage of 280' for smallest terminal to 460' for large site
5. also central city often restricts the size of a tractor-trailer unit

We hope the enclosed information will help you in your very worthwhile endeavor.

Yours very truly,

E. R. Brenegar

E. R. Brenegar, A.E.P.
Vice President, Personnel

NW

December 2, 1977

The Honorable Henry S. Reuss
Chairman
Subcommittee on the City
Committee on Banking, Finance and Urban
Affairs
United States House of Representatives
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Mr. Reuss:

This refers to your letter of November 14 requesting certain information on Norfolk and Western's operations and employment situations within inner cities.

NW's lines extend through 13 states. The large cities that we serve and which have Railway offices and reporting points for operating employees are North Kansas City, St. Louis, Chicago, Detroit, Cleveland, Cincinnati and Norfolk. In addition, we maintain traffic offices in several large downtown districts, including New York, Pittsburgh and Atlanta. Set forth below is a statement of the NW job positions within all the above-mentioned cities, as of January 1, 1977:

Cities	Number of Positions
North Kansas City	348
St. Louis	652
Detroit	451
Chicago	2,070
Cleveland	926
Cincinnati	67
Pittsburgh	14
New York	27
Atlanta	8
Norfolk	1,362

Presently, the Railway has no plans to expand or contract its operations in any of these large cities over the next five

Norfolk and Western Railway Company
Roanoke, Virginia 24042

John P. Fishwick
President and Chief Executive Officer

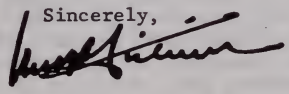
years. Of course, we are constantly trying to improve the efficiency of our operations, which can affect employment levels. Also, from time to time, we are compelled to furlough employees for various reasons such as economic conditions or strikes of major industries.

Our total number of employment positions as of January 1, 1977, was approximately 25,500. Of this number, about 5,400 positions are in Roanoke, Virginia, the location of the Railway's home office. Because of the nature of our business, reporting points for the balance of our work force are widely scattered over our multistate operating territory.

In view of the extensive geographic area over which we conduct our transportation business, we could not undertake to focus our hiring efforts in particular localities which may be experiencing high unemployment. A large segment of our work force is engaged in train and engine service and the reporting points for employees holding these positions are often in rural or smaller communities which are central or focal points for particular train runs or terminals. Also, our operations require that many of our supervisory, engineering and clerical employees be scattered over small division points along our track routes.

You also inquired whether governmental policy has deterred the Railway from establishing and maintaining substantial numbers of positions within inner cities. Any decision to modify job position locations within our operating territory would be based principally upon changing demands for our transportation services and operating efficiency considerations, rather than governmental action. However, it is conceivable that federal, state or local governmental legislation or regulations could stifle or severely impair our ability to maintain operations and office staff within a particular city or area, thereby providing sufficient incentive to consider relocation of offices, yards or reporting points. Specifically, I have in mind oppressive tax or environmental policies.

Sincerely,



NORTH CENTRAL AIRLINES, INC.

GOWAN J. MILLER
VICE PRESIDENT
INDUSTRIAL RELATIONS

November 30, 1977

Subcommittee on the City
Committee on Banking, Finance
and Urban Affairs
U.S. House of Representatives
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Sirs and Mesdames:

This will acknowledge your recent letter to Mr. Bernard Sweet, our President, concerning the plight of our central cities. Since employment is a function of my department, Mr. Sweet has asked me to reply.

As an airline, our major operations are at airports located some distance from the central city. We do have city ticket and sales offices in the central city and expect these to remain at the existing level for the foreseeable future. However, should North Central receive authority to fly to other cities for which we have made application, such as Baltimore, Philadelphia and Atlanta, we would expect to locate city ticket offices in those cities also.

For several years, we have aimed a major recruiting effort at the central city area of the larger metropolitan areas on our system such as Detroit, Chicago, Milwaukee, Minneapolis and Denver. We have carried the message of job opportunities through government social service agencies; schools, both secondary and higher; cooperative community organizations, such as the National Alliance of Businessmen, Urban Coalition, State Employment Agencies; and various opportunity workshops. These efforts have produced some excellent new employees for North Central.

The above answers your first three questions but it is to the fourth question I would like to make a special effort to respond. Existing federal, state or local policies do not bear directly on our locating operations in the central cities. In our case, these locations have more to do with the point of sale rather than source of labor. But the government could do much to alleviate the problems of the central city through education and training.

7500 NORTHLINER DRIVE · MINNEAPOLIS, MINNESOTA 55450

The federal, state and local governments should concentrate on making the central city dwellers employable producers in our society. More education and training is needed through better school plant facilities and much lower student-teacher ratios. This would have the double effect of employing people in the building trades as well as utilizing the surplus of teachers existing in our society today. Business should be given substantial tax incentives to invest in the central city instead of having taxes increased because of property improvement. Companies should be encouraged through direct grants or tax incentives to offer in-house training programs to develop employable applicants, with perhaps tax rebates for employing marginal or below-marginal producers.

In the area of general policies, perhaps the problem of rapid transit between the central city and the surrounding suburbs could be directly attacked. And perhaps a program similar to the Civilian Conservation Corps of the thirties could be developed to train the central city unemployables and ventilate some of the pressure by changing the environment of those unemployed.

As you have indicated, the central city employment problem is a most pressing national problem and must be resolved. Central city impoverishment continues to expand at an alarming rate and seems to be rapidly approaching a crisis point. The efforts and attention of your committee to the solution of this problem is urgent.

Sincerely,

Howard J. Miller

SCL/LN
SEABOARD COAST LINE
WESTERN ROUTE

THE FAMILY LINES SYSTEM
500 Water Street
Jacksonville, Florida 32202

PRIME F. OSBORN
President and Chief Executive Officer

December 15, 1977

Honorable Henry S. Reuss
Chairman, Subcommittee on the City
Committee on Banking, Finance & Urban Affairs
U. S. House of Representatives
604 House Office Building, Annex 1
Washington, D. C. 20515

Dear Congressman:

This refers to your letter of November 14 concerning the situation in the central cities of the nation and requesting a commitment to them by major corporations.

For better and worse, the city and the railroad have been tied closely together for more than a century now, and, indeed, many cities owe their formation to our industry, so our commitment to the central city is obvious. We are happy to participate in your subcommittee's survey, but I imagine it is primarily aimed at other businesses. The Family Lines System is still "downtown" at most of our locations and probably will be for years to come. However, it is ironic that many cities are advocating relocation of rail facilities to outlying points, and it must be remembered that our service is tied directly to the location of our shippers.

With the above preamble, the following comments are made in response to your specific questions:

1. In our 13-state service area we are heavily committed to corporate operations within central city areas including headquarters offices in the cities of Erwin, Tennessee; Jacksonville, Florida; Louisville, Kentucky; and Richmond, Virginia. In other major urban areas including Atlanta, Georgia; Birmingham, Alabama; Corbin, Kentucky; Evansville, Indiana; Florence, S. C.; Mobile, Alabama; Nashville, Tennessee; Raleigh, N. C.; Rocky Mount, N. C.; Savannah, Ga.; Tampa, Florida; and Waycross, Georgia, we maintain operating division headquarters. Additionally, we have 60-plus sales,

service and industrial development offices located in the urban areas of the nation's principal cities. Total SCL Industries personnel in urban area locations is approximately 21,094 or 57 percent of our employment. Yards and terminals are generally located adjacent or within central cities of Family Lines' 13-state service area.

2. Millions in capital funds have been allocated in recent years and are currently committed to the modernization and enlargement of major yards and terminals at locations identified with central cities -- Waycross - Louisville - Miami - Cincinnati - New Orleans. Family Lines' Industrial Development Department with the assistance of the sales offices maintain a current inventory with complete specification references of all inner city warehouse facilities and small light manufacturing sites and engage in the promotion of full occupancy and utilization of such property. Family Lines owns and offers for sale and/or lease hundreds of acres of land with central city locations suitable for manufacturing, service industries and distribution centers. Family Lines' sales offices and industrial development people are actively engaged in the promotion of developing these inner city acreages. Family Lines is a partner in the development in 1977 in downtown New Orleans of the vast River Center project including a hotel, parking facilities, and shopping centers. We are interested in any project which is economically feasible and offers an adequate return on investment.

3. We use the Urban League, NAACP and State Employment Services as recruitment and referral sources to obtain applicants for employment. We have on occasions operated temporary employment offices in central city locations to recruit applicants from those areas. Several of our facilities that are located in central city areas have permanent employment offices.

4. There are too many governmental programs aimed at urban renewal and there is too little coordination between them. We recommend less federal involvement and more local initiatives, with an emphasis on tax incentives to business and an increase in the present limitations on local industrial development bonds.

Sincerely,

Prime F. Osborn

Seatrain Lines, Inc.

Joseph Kahn
Chairman of the Board

1 Chase Manhattan Plaza
New York, New York 10005

Phone: (212) 984-3400
Telex: 222740
Cable: Shiptramp New York

December 6, 1977

Hon. Henry S. Reuss, Chairman
Subcommittee on the City
Committee on Banking, Finance &
Urban Affairs of the 95th Congress
604 House Office Building, Annex 1
Washington, D. C. 20515

Dear Congressman Reuss:

We are pleased to respond to your letter of November 14 on the subject of our company's involvement in urban activities and employment.

Seatrain Lines, Inc. is an international shipping and energy corporation. One of its major activities, which we entered into in 1970, is the reactivation of the former Brooklyn Navy Yard where we have made a major investment both in capital and effort. The Brooklyn Navy Yard is located in the Bedford Stuyvesant section of Brooklyn which is perhaps one of the best examples of urban neglect. We are pleased to give you the following facts as they relate to our experience in this specific area following commencement of operations in June of 1970 with 358 employees of whom 75% were members of minority groups and 4% of whom were female. The table below demonstrates the gradual build-up in number of employees and minority percentages of same:

Date	Number of Employees	% Minorities
June 1970	358	75% (.4% female)
June 1971	836	79% (.5% female)
June 1972	1938	81% (.6% female)
June 1973	2778	82% (1% female)
October 1974	3251	85% (1% female)

Date	Number of Employees	% Minorities
January 1975	140	60% (.2% female)
January 1976	1430	87% (1.6% female)
October 1976	1934	87% (1.8% female)
October 1977	2231	87% (2.1% female)

In October 1974, the peak of 3251 employees was reached, of which 85% were minorities. At that point in time, due to the Arab Oil Embargo and the total disruption of world oil trades, the tanker building program at the shipyard came to a grinding halt, as witnessed by the decline from 3251 to 140 employees in January of 1975. With the assistance of the Economic Development Administration federally guaranteed loans, the yard resumed operations and by January 1976, it built up to 1430 employees, of which 87% were minorities. As of October of this year, there were 2231 employees, of whom 87% were minorities and 2.1% female. The last of the supertanker building program is now being completed and as of April 1978, the BAY RIDGE, a 225,000 ton Supertanker, will be completed and delivered.

On job training, it is estimated that Seatrain Shipbuilding has trained 6885 craftsmen, of which number at least 20 percent, or 1377, were skilled. Here again, the minority percentage of 85 to 87% prevails. Thus, about 4700 people from minority groups have received job training.

Another salient fact in the employment statistics at Seatrain Shipbuilding is that minority members have risen from the ranks of unskilled labor to trained craftsmen to supervisors and to executive levels in the company. A minority member from another shipyard holds the position of Executive Vice President of Seatrain Shipbuilding.

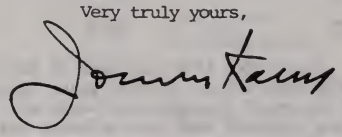
From the foregoing, it can be seen that the Seatrain Shipbuilding facility, drawing its labor and executives from impacted areas of Brooklyn, is a model of what can be accomplished as well as a blueprint for future employment programs. A most significant statistic is the average wage at the shipyard for the hourly workers. Under the present contract, this figure is over $13,000.

The prospects for the future are uncertain. The success of the Seatrain Shipbuilding facility is directly related to the health of the American Merchant Marine. Unfortunately, H.R. 1037 was defeated in the House during the present session. I strongly believe that some form of cargo allocation for American-built and American-manned ships is important for our national security as well as the revitalization of our cities. It is essential to understand that shipyards basically employ a preponderance of minority workers and are situated in urban areas where a high degree of

unemployment exists.

We trust this information is of some use to you and if there is anything more we can assist you with, please do not hesitate to communicate with us.

Very truly yours,



P.S. For your further information, we enclose herewith the September 1974 issue of "Manpower," the magazine of the U.S. Department of Labor, Manpower Administration, and call your attention to the article entitled "Supertankers Turn Taps to Reveille" which commences on Page 15.

(The magazine containing the article referred to above is retained in the Subcommittee file.)

F. UTILITIES

23-313 O - 78 - 42

ONE WOODWARD AVENUE DETROIT, MICHIGAN 48226

ARTHUR R. SEDER, JR.
CHAIRMAN AND PRESIDENT

AMERICAN NATURAL RESOURCES COMPANY

December 19, 1977

Honorable Henry S. Reuss, MC
U.S. House of Representatives
Chairman
Subcommittee on Banking
Finance and Urban Affairs
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Congressman Reuss:

Thank you for your letter of Nov. 14 requesting information about the central city operations of American Natural Resources.

We are quite proud of our commitment to our cities. Our answers to the questions you pose should underscore that.

We are an energy company with several subsidiaries which operates out of corporate headquarters located in the very heart of Detroit at One Woodward Avenue. Our modern 32-story headquarters building is, in fact, a noteworthy structure in Detroit's skyline and has received much acclaim for its architectural excellence.

In recent years, we purchased an older high rise structure located across the street from us and expanded our operations into that building also. Within the current year, we completed construction of a nine-story parking structure within walking distance of our downtown buildings.

We have been very active in the Detroit Central Business District Association, the Greater Detroit Chamber of Commerce and various agencies that deal with central Detroit employment issues. These include such agencies as New Detroit, Inc., Detroit Renaissance and the Economic Growth Council.

The latter organization has just helped bring into being a new public-private partnership known as the Detroit Economic Growth Corporation, which is budgeted at $1 million per year and will be charged with coordinating efforts to retain businesses in Detroit and to facilitate growth in the central city. We were very active in helping to bring this about, as the attached newspaper clipping indicates.

On a System-wide basis, we have 6,161 employees in central city locations. Of these, 5,110 are located in Detroit, 410 in Houstin, 498 in Grand Rapids and 143 in Muskegon.

We anticipate employee population growth in those areas in line with our development. In Houston this will mean a 65 percent increase in employee population during the next seven years.

To better answer your query relative to the City of Detroit, I will allude to Michigan Consolidated Gas Co., our wholly owned gas distributing company.

Michigan Consolidated has 4,800 total employees throughout the state. Of these, 3,399 are located within the Detroit metropolitan area and some 3,000 are located in central Detroit.

Michigan Consolidated taps unemployed ranks when it seeks job applicants by contacting the Michigan Employment Security Commission when worker vacancies occur. This assures us that unemployed inner city residents have access to those jobs on a competitive basis.

Michigan Consolidated has had a unique student employment program underway for several years now. The company employs 49 students drawn from seven central city high schools. The students are paid for 20 hours worked weekly during the school year and receive a bonus when their term of service ends.

As well as providing income for these students, the program exposes them to a variety of working situations and helps prepare them for jobs following graduation.

Michigan Consolidated has taken several such students into its ranks as permanent employees. An analysis is now underway to determine the progress these former program participants have made within the organization. One is now a college graduate and is employed by us as a recruiter.

We see no federal, state or local policies discouraging American Natural from continuing to operate in central city locations, but we are aware of some of the ways people in central city development agencies feel government could better contribute to core revitalization.

At present, we are advised that employment training and retraining programs provided by the federal government do not extend effectively to private industry. This should be done rapidly. Without effective training, unemployed central city residents do not have the skills to qualify for jobs capital expansion programs create. Additionally, some of our contacts believe that the federal government does not effectively educate companies in regard to the various federal employment and urban assistance programs currently available.

States that have not done so probably would do well to pass legislation permitting the establishment of quasi-public agencies to handle central city development. Such agencies can be authorized to issue bonds, to file condemnation proceedings, to provide low interest money for leveraging loans, to assist industries in attaining low interest bank financing.

Michigan's Plant Rehabilitation and Industrial Development Districts Act of 1974 could be emulated by other states. This Act provides a substitute low industrial property tax for the regular and higher industrial property tax to industries that expand or rehabilitate properties in inner city areas.

If we can provide additional information to assist you in your work, please let me know.

Yours truly,

Arthur R. Seder, Jr.

NEWSPAPER CLIPPINGS

NAME OF PAPER	WHERE PUBLISHED	DATE
Detroit News		Dec. 1, 1977
TO	FROM	

Agency created to revitalize all areas of Detroit

By CHRISTOPHER WILLCOX
News Staff Writer

Detroit Mayor Coleman A. Young met with city officials and business leaders yesterday to lay the groundwork for what could be an unprecedented experiment in citywide revitalization.

Tentatively approved at the meeting was a coordinating agency, operating on a $1-million annual budget, for redevelopment throughout Detroit.

The agency would draw 75 percent of its funds from city and state governments and the rest from private sources.

The new agency was proposed at yesterday's meeting by Economic Growth Council members Arthur Seder, chairman of American Natural Resources Co., and Hans Gehrke Jr., chairman of Detroit's First Federal Savings & Loan Association.

Seder said one of the functions of the new agency would be to canvass industries and businesses still located in Detroit and to make sure that every effort is made to keep them from moving.

"Retaining industry is the name of the game over the next few years," Seder said.

The agency also would provide staffing and support to the city's existing development agencies — the Downtown Development Authority and the Economic Development Corp.

The agency is the latest and most significant recommendation of Mayor Young's Economic Growth Council — a panel of 58 business and labor leaders appointed last year to examine city government in depth and suggest improvements.

The new agency has been tentatively named the Economic Growth Corp. It should come into being about the same time that the Growth Council is scheduled to phased out on Jan. 31. It is likely that some of the members of the Growth Council will serve on the 35-member board of the new agency.

The new corporation was endorsed "in concept" yesterday at the meeting in the mayor's office by the boards of the Economic Development Corp. and the Downtown Development Authority. However, there was some quibbling over the authority of the new agency in relation to the existing development units.

It was explained that the Economic Growth Corp. could not interfere with the programs of the others, but was to "service" them and provide staff assistance as well as an overall strategy.

Neither the Economic Development Corp nor the Downtown Development Authority has a full-time staff. They were created in the last year and have not yet undertaken any large-scale projects, although the Downtown Development group has at least one project in the planning stages — a parking garage and apartment complex on Washington Boulevard.

In presenting the proposal, Seder and Gehrke made reference to similar development coordinating agencies in Pittsburgh, Baltimore and other cities. But they insisted that Detroit's would be different from the others in several ways.

Many details of the operations and structure of the new agency have not yet been worked out, however, and only a sketch of its purposes and functions was drawn at the meeting yesterday.

A similar presentation is scheduled tomorrow before the Detroit City Council. Then the proposal is expected to go back to the boards of the existing agencies for final approval.

Although Growth Council officials were anxious to avoid overt criticism of the city's two existing development agencies, some members were known to be dissatisfied with their performance to date.

"This whole thing is to get redevelopment off the dime," said one Council official.

Still another reason given for the creation of the agency is that it will require a formal commitment by Detroit's most important corporations to the city.

The new agency's partial dependence on private funds for its annual budget is seen as an important symbol of this commitment.

AT&T

John D. deButts
Chairman of the Board

American Telephone and
Telegraph Company
195 Broadway
New York, N.Y. 10007
Phone (212) 393-1000

The Honorable Henry S. Reuss, Chairman
Subcommittee on the City
Committee on Banking, Finance and Urban Affairs
The United States House of Representatives
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Congressman Reuss:

The plight of the large central cities and the problem of the unemployed is indeed a pressing national problem.

As you well know, it is a complex problem with many social and economic facets. The combined effect of these factors has resulted in a decline in business activity within the central cities.

I can assure you that we are concerned about the cities. We have in the past participated in programs addressing problems of the work force and we are currently involved in programs such as Project Hire.

In response to your letter, I have asked Mr. James A. Sheridan in the planning group of our Human Resources Department to prepare a statement encompassing the information you requested which is being mailed to you under separate cover. Additionally, I have asked Mr. Thomas Phillips of our Public Affairs Office in Washington to assist you if further information is required. He can be reached on 202 457-2395.

Sincerely,

James A. Sheridan
Manager — Integrated HR Planning
Human Resources Department

AT&T
American Telephone and
Telegraph Company
295 North Maple Avenue
Basking Ridge, N. J. 07920
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December 21, 1977

The Honorable Henry S. Reuss, Chairman
Subcommittee on the City
Committee on Banking, Finance and Urban Affairs
The United States House of Representatives
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Congressman Reuss:

Please find enclosed a response statement pertaining to your letter of November 14, 1977 to Mr. deButts.

Should you require further clarification, I would be pleased to address those further issues.

Sincerely,

James A. Sheridan

Attachment

Bell System Response to the November 14, 1977
Letter from the Subcommittee on the City
Committee on Banking, Finance and Urban Affairs

The answers provided below constitute a Bell System response to the Committee's request. Thus, these responses include AT&T, Western Electric, and Operating Company data.

Question:

1) Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?

Response: a) All types of corporate operations are located in central cities. That includes: operations, repair, switching centers and headquarters activities.

b) 53.2% of the total work force work in the central city as defined by the wage zone. The wage zone is highest for the central city areas. This percentage has been consistent since 1972.

27.9% of the total work force is employed in wage zone 2.

13.9% of the total work force is employed in wage zone 3.

5% of the total work force is employed in wage zone 4.

Thus, 81.1% of the total work force is concentrated either directly in the large cities or in close proximity to a large metropolitan area. This pattern has not changed for five years.

Question:

2) What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?

Response: The expansion or contraction of central city operations is primarily dependent upon general business conditions. In the recent past, central cities have undergone a general reduction in business activity. Urban renewal resulted in the clearing of many buildings and a great many locations remain undeveloped today. There has been a loss of business from the cities to the suburbs. However, the Bell System has maintained a significant proportion of its work force in and around large central cities.

Our estimations indicate that most of our operations in large central cities will be stable for the next five years. However, it is only correct to say that there are certain cities that seem to be in trouble, New York City being one. The System has maintained the large work force in the cities by implementing technology that allows the System to concentrate work activities. In most cases these concentrations are located where the work force is located - in the cities. Since the telephone business is demand driven, our expansion is dependent upon the general economy.

Specifically, in response to question 2, the Bell System has invested large sums of capital in the central cities. In the last five years we have located many new buildings in the cities. Some of these buildings were built with minority contractors and work force. New Jersey Bell built two buildings in Newark; New York Tel several in New York City; Michigan Bell three in Detroit; Southern Bell one in Atlanta; and in general throughout the Bell System, the consideration of city locations for buildings is ongoing. A full survey of the new building locations of the Bell System was not possible in the time period allowed for a response. However, we feel that such a survey would only enhance the view that we have shown a substantial commitment to the cities.

The factors that are related to our current view of city operations are:

- A decline of business activities in central cities
- Work concentration technology
- Increasing costs of doing business in the cities
- Some cities are exhibiting a growth pattern

Question:

3) What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?

Response: The Bell System has been committed to the problems of minorities and the unemployed for a long time. The System has been a leader in the National Alliance of Businessmen with all of our companies participating in this activity nation wide. Recently, we have committed to participate in Project Hire and pledged to hire 2500 unemployed people by June 30, 1978. Our first quarter results indicate that we have hired 1129 (45% of our pledge).

All of our companies work with the appropriate state employment service by listing job openings. Thus, the umemployed can be directed to our employment facilities.

The Bell System management is well known for their contributions to the local communities and the problems of the community. Unemployment is no exception. Below is a list of activities that is by no means exhaustive but representative of the System's concern and action regarding unemployment in the cities:

- Learn to Earn Program - Individuals taken from relief rolls and given jobs
- Partnership Education Program with Inner City Minority High Schools
- Job Readiness Seminar for Hard Core Unemployed
- Atlanta Super Summer Work Program
- Employment Ad Hoc Group for Youth Employment and Demonstration Project 1977
- Cardinal Cushing Center
- Inroads Program - A summer program for inner city college students
- Filipino and American Training Center

The Bell System is actively involved in many organizations that are concerned with unemployment, such as:

- NAACP
- The Urban League
- Costa Del Sol
- Hispanic Opportunity and Planning Group
- SER (A Spanish Organization)
- The Inner City Council (Spanish)
- American Indian Manpower Council

. Opportunity Industrial Center

. Indian Advancement Commission

. Cambridge Economic and Employment Council

. State Departments of Labor

. Departments of Rehabilitation

. Chicano Federation

Additionally, we encourage minority training in a variety of ways. Attached is an overview of these activities.

Again, while not exhaustive, the list is a good example of our involvement with the unemployed in the cities. The Bell System has a very active program and a commitment to the cities and the unemployed.

Question:

4) Which existing federal, state or local policies, if any, discourage you from maintaining or locating operations in central cities? What new governmental policies would encourage you to maintain or locate operations in these areas?

Response: It is impossible to review all state and local situations that would discourage our central city operations in the time allowed to respond. Therefore, our comments will be some examples and some generalities.

Policies which discourage urban location and operation:

. Taxes - Example: New York City Personal Income Tax, New York State Income Tax

Although reduced 10% recently - together with state tax, New York City has highest income taxation in the nation. This is particularly so for mid and upper management workers.

. Real Estate Taxes

- High burden on business properties (Expense)

- Significant imbalance between business/residential assessment and property classification

. Housing

- Due in some measure to rent control provisions, especially in New York, development and maintenance of middle and higher income residential properties is seriously depressed - a further disincentive to living and working in the city.

. Other Taxes

- Stock Transfer Tax (New York)

- Commercial Occupancy Taxes

- City General Corporation Taxes

All, when compared to outside the city, have a discouraging effect on urban location.

. EEO/Affirmative Action

- To a varying extent, there exists a real or perceived concern over Corporate EEO/AA commitments which are tied to local (urban) demographic profiles. While the Bell System has not changed its percentage of work force concentration in the cities, other companies are wary of staying and being faced with major costs and litigation associated with EEO compliance.

. Education

- Clearly the central city schools have shown a dramatic drop in the quality of education achieved by the graduates of these schools. The young entering the work force are not prepared for work. There is no reversal of this trend in sight. Unskilled workers are expensive to train and have additional supervision costs associated with them. These added expenses can make a product noncompetitive in the market. Thus, there is a reluctance for business to stay in the cities and there is very little incentive for others to move to the city where the school system cannot deliver a high school education.

Other central city problems such as crime and city services have suffered greatly from the general decline of the cities. New York is just one example of the magnitude of the problem.

New policies to encourage urban location:

- Encourage (perhaps through tax incentives) a strengthening and reentry of business to the cities. Perhaps manufacturing should be encouraged first since the labor pool is basically unskilled or semi-skilled.

- Strengthen and improve the quality of key city services, transportation, security, garbage collection and education.

- Continue to relieve the tax burden on business through more equitable property assessment and tax incentives.

FACILITATING MINORITIES' EDUCATION IN MANAGEMENT

- An Overview of Activities -

1. Council for Opportunity in Graduate Management Education (COGME) joins ten graduate schools to recruit and finance minority students attending these schools for Masters Degrees in management. The Bell System has hired 11 COGME graduates. We have been contributing since 1973 and will contribute $3,500 this year.

2. The Consortium for Graduate Study in Management is a six-university effort designed to recruit and provide fellowships to minorities in MBA programs. The Bell System has hired more than 12 of these graduates. We have been contributing since 1971 and will contribute $3,500 this year.

3. College Placement Services (part of College Placement Council) reaches minority and disadvantaged college students with information, guidance and motivation to seek careers with leadership potential. We have been contributing since 1971 and contributed $1,000 this year. Provides guidelines to regional councils (such as Mid Atlantic College Placement Council) for recruiting and placing minority students.

4. Local Companies participate in College Cluster programs. These programs are composed of a minority college, interested corporations and a predominantly white university. The purpose of the program is to improve the ability of minority college graduates to compete for private sector jobs. The purpose of this activity is to improve the quality of minority college curriculum and facilitate placement of their graduates.

5. AT&T and local Companies support organizations attempting to increase the number of minority engineering graduates:

   - National Advisory Council for Minorities in Engineering (NACME) and the National Fund for Minority Engineering Students (NFMES). To date, our contribution to these organizations is $355,000. This year 13 minority engineering students were offered summer employment in the Bell System in the Summer Engineering Employment Project (SEEP), a program developed by the Fund. These are college freshmen and sophomores.

   - Minority Introduction to Engineering program is a two week program designed to motivate minority youth who have completed their junior year in high school to consider engineering as a possible career. It is an in-depth campus exposure to engineering. They live on campus for two weeks, tour college and businesses to encourage them to become an engineer. About three or four companies are participating. What it is like to be on a college campus is main thrust.

   - Minorities in Engineering Parity Program is a program developed at AT&T and being introduced to the Companies now via Director level task force presentations to OTC presidents.

6. AT&T - General Departments Summer Hire Programs, including National Alliance of Businessmen - we hired 25 minorities this year for the summer. AT&T - General Employment supervises this.

7. AT&T - General Departments co-operative education program with high schools - we hired two minorities this year.

8. AT&T - General Departments hired three students in MBA Internship Programs: one from Winston-Salem, one from York and one from Swarthmore.

9. In 1976 of 2,728 managers hired into the Bell System, 844 or 31% were minorities.

10. In addition the OTC's and AT&T Gen. Departments are engaged in one or more of the following activities in an effort to hire people who for a variety of reasons have experienced problems in finding employment:

Employment of ex-offenders

Through contacts with a number of community organizations such as Phoenix House in N.Y.C., parole boards in Washington D.C., local business men's groups in other locations, etc, referrrals are made to our general employment offices where people with prison records, ex-drug users and others are processed and given employment when possible. Our reputation for being interested in these people is well known in these organizations. Employment generally begins as clerks, messengers, working in the stock room and other jobs for which there are no test requirements. People progress from these jobs to others as their performance merits. Employment of people in this general category ranges from two to eight per year in each company.

. Hiring the Handicapped

Close contacts are maintained with state vocational rehabilitation agencies, schools for the deaf and blind, and other special agencies for people with handicaps from which referrals are made to our employment offices. All applicants are considered and after appropriate processing given jobs where suitable accommodations can be made. All Bell System companies are participating in these activities and while there are no quotas established, most employment managers are estimating approximately 3% of their hires fall in this category.

. Remedial Training

Several OTCs have versions of C&P's Adopt-A-School program in Baltimore where seniors from an inner city high school attended classes on telephone company premises conducted by C&P employees in reading, math and English. If they successfully complete the course, they are given the opportunity to apply for employment. Special efforts are made to find suitable placement for them.

. Training for Opportunities in Programming

This is an organization in Washington, D.C. where people who are currently in menial jobs but want to become programmers are given thirty-six weeks of training (primarily in COBOL). The trainers are volunteers from organizations in the area. C&P participates in this program by finding interested trainers, offering the use of company facilities and helping the graduates find jobs. Some have been hired by C&P.

. Special Craft Training

An arrangement has been made with Cardova High School in Wash. D.C., an inner-city high school, permitting seniors to participate in special training courses a few hours each week. They are given jobs as installers or cable splicers on successful completion of the course and graduation from high school. Other OTCs have their own versions of this program.

Counseling on how to find a job

Telephone company employees cooperate with local organizations such as Maryland's Mental Health Assoc. and the Florence Crittendon Home for Unwed Mothers in helping their patients learn how to find a job. This includes how to prepare a resume, how to take various types of tests, what to expect in an interview, questions they can expect to be asked, and information they need before accepting a job. In a number of cases we have administered our own tests and where possible given employment.

23-313 O - 78 - 43

BALTIMORE GAS AND ELECTRIC COMPANY

GAS AND ELECTRIC BUILDING
P.O. Box 1475
BALTIMORE, MARYLAND 21203

C. E. UTERMOHLE, JR.
CHAIRMAN OF THE BOARD

December 20, 1977

The Honorable Henry S. Reuss, Chairman
Subcommittee on the City
Committee on Banking, Finance and Urban Affairs
U.S. House of Representatives
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Mr. Chairman:

Thank you for the letter addressed to me on November 14 by the membership of your Subcommittee on the City, requesting information concerning the central-city involvement of Baltimore Gas and Electric Company.

The depth of this Company's continuing commitment to the City of Baltimore is evidenced by the fact that we maintain within the City not only our corporate headquarters, but 11 other major installations as well, variously involving production, distribution, research, warehousing, and customer service facilities. Assigned to these City locations are 4,723 employees, constituting 57.5% of our total personnel. To provide a relative frame of reference, 32% of the Company's electric revenues and 41% of its gas revenues are derived from Baltimore City sources, the remainder from other parts of our nine-county Central Maryland service territory.

The interests of our customers and stockholders as well as our employees are, of course, directly affected by the endemic central-city problems to which your Subcommittee thankfully is addressing itself nationally--employment, mass transportation, parking, law enforcement, and the multiple cost differentials resulting from a shrinking tax base.

We participate actively in many community programs designed to provide improved economic opportunities for central-city Baltimore residents, and independently have adopted a number of Company policies and practices which also serve that objective. With specific regard to your question concerning recruitment and job-training activities, Baltimore Gas and Electric Company has been affiliated with the National Alliance of Businessmen since that program was initiated in 1968, fully supporting NAB efforts to encourage hiring of the disadvantaged in Baltimore and elsewhere. To that end, we work also with the Maryland State Employment Office and with the Mayor's Office of Manpower Resources in local implementation of the Comprehensive Employment and Training Act (CETA). We provide financial and leadership assistance to several Baltimore secondary school programs that offer paid vocational experience to central-city students, 72 of whom receive part-time employment with the Company each year. For adult job-seekers from disadvantaged elements of the community, our non-discriminatory Equal Opportunity hiring and promotion policies are given added meaning by the ready accessibility of our principal employment office in downtown Baltimore and our predominant reliance on Company-conducted job training for many work classifications.

Nationally, future central-city siting of productive facilities, for the energy industry and virtually all others, is critically impeded by the excessive restrictions imposed under the Clean Air Act of 1970 and the equally unrealistic amendments adopted in 1977. We should adopt the necessary standards to protect the health of our citizens but avoid "overkill" in our zeal to protect the environment. This Company, among many others, attempted last summer to point out the destructive effect which the "significant deterioration" and "nonattainment" provisions of the amendments inevitably would have on urban economies. Unfortunately, these objections were largely disregarded by the Subcommittee on Health and the Environment of the Committee on Interstate and Foreign Commerce.

I appreciate your giving me the opportunity to submit this information, and wish your Subcommittee every success in endeavoring to devise effective means of dealing with a complex problem that unmistakably is among the nation's most pressing domestic challenges.

Sincerely,

C. E. Utermohle, Jr.

C. E. Utermohle, Jr.
Chairman of the Board

Aaron S. Saidve
Senior Vice President

Consolidated Edison Company of New York, Inc
4 Irving Place, New York, N.Y. 10003
Telephone (212) 460-3012

December 12, 1977

Mr. Henry S. Reuss
Chairman
House of Representatives
Subcommittee on the City
Ninety-Fifth Congress
604 House Office Building
Annex 1
Washington, D. C. 20515

Dear Congressman Reuss:

Mr. Luce has asked me to reply to your letter of November 14. We have reviewed our five-year operational plan with particular regard to your questions on possible ways in which city economies could be assisted by business and industry. Our response to each of these questions is attached.

As one of the largest employers in New York City, we are vitally concerned with the City's continued life and prosperity. We hope that the information provided is meaningful to you; please let me know if any further expansion or clarification would be helpful.

Please accept our best wishes for the success of your deliberations.

Sincerely,

Attachment

Charles F. Luce
Chairman of the Board

Consolidated Edison Company of New York, Inc.
4 Irving Place, New York, N Y 10003
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U. S. HOUSE OF REPRESENTATIVES

Subcommittee on the City

SURVEY INFORMATION ON FUTURE IN-CITY OPERATIONS

1. Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?

At present, Con Edison's corporate headquarters, the bulk of the electrical facilities and gas transmission and distribution services and all steam services are located in the central city. As of October 31, 1977, 90% of the Company's total work force, or 21,288 employees, were working in the central city.

2. What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?

During the next five years Consolidated Edison expects to spend between 1.5-2 billion dollars in capital construction. These expenditures will be used mainly for the expansion and reinforcement of the Company's electric transmission and distribution system and for modernization and improvement of its gas facilities. The need for these expenditures is to improve the reliability of service and to meet load growth, which is expected to be modest. Beside the extent of load growth, the major factor which has influenced these plans is the environmental regulations which preclude our burning coal in New York City. In the absence of such regulations, when the load growth warranted it, additional generating facilities might be built in the city, which would provide employment for the construction trades during the construction period and for permanent employees after the facilities were in operation. However, because of these regulations, when such facilities may be needed, Con Edison will be required to build them outside of New York City.

To the extent that load growth and expansion may be limited by the high cost of the Company's products to the consumer, its job creation activities are limited. However, were some costs mitigated, through a reduction in taxes, or in the cost of fuel by an easing of the stringent requirements on the quality of fuel used, the Company expects its load growth would be stimulated. This is particularly true of the growth of its steam system, and perhaps its electric system as well.

3. What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?

Consolidated Edison has actively participated in job training programs specifically aimed at the unemployed in the central city since 1967. Begining in that year, Con Edison voluntarily undertook a project to hire and train 100 high school dropouts. With the passage of the U.S. Department of Labor Manpower Administration Programs in 1968, the Company began a wide-spread involvement in these Manpower Training Programs, which has continued through 1977.

During this period, over 2,000 men and women identified as hard-core unemployed have been hired, trained and placed in entry-level positions with the Company. Con Edison's involvement has not only been with programs sponsored by the U. S. Department of Labor. Begining in 1975, the Company participated in programs sponsored by the New York City Economic Development Administration in job training programs funded by CETA (Comprehensive Employment Training Act). In addition, in both 1976 and 1977 Con Edison sponsored WIN (Work Incentive Program) Programs designed by the New York State Department of Labor and aimed at employing welfare recipients.

Since 1974, Con Edison has also allotted a portion of its training staff to provide training services for clerical jobs in a CETA jobs training program sponsored by the New York City Chamber of Commerce and Industry. During this four-year period, over 350 men and women have been trained for clerical positions and have found employment with a variety of other employers based in New York City.

Each year the Company allocates a major portion of its college graduate recruiting efforts toward the employment of minorities and women in entry-level professional positions. As an example, the Law Department is currently seeking, through an extended three year rotational training program, minority and female lawyers who have recently graduated from Law School. Although such programs are not specifically aimed at individuals currently unemployed in New York City, they are aimed at providing employment and an initial base for upward mobility for new college graduates, many of whom find it difficult to find suitable employment.

4. Which existing federal, state or local policies, if any, discourage you from maintaining or locating operations in central cities? What new governmental policies would encourage you to maintain or locate operations in these areas?

As specified in the answer to question #2, three major items discourage Con Edison from locating additional operations in the central city. The first is the environmental regulations which preclude our burning coal in New York City. Recision of these regulations would enable the Company to consider building additional base-load generating stations in the city, as the need arose for such facilities. The other two are the current tax load on Con Edison's properties and operations and high cost of oil necessitated by the stringent requirements imposed by New York City on fuel quality.

In the long-range future, if existing regulations were revised and Con Edison was permitted to burn coal in those existing facilities in which coal can be burned, and in new facilities which might be built, the Company would consider such construction. At the present time, since government policies do not permit this, the Company's future plans call for construction of additional generating stations outside the city.

William G. Meese
Chairman of the Board

Detroit Edison

2000 Second Avenue
Detroit, Michigan 48226
(313) 237-8000

November 29, 1977

The Honorable Henry S. Reuss
Chairman
Subcommittee on the City Committee on
Banking, Finance and Urban Affairs
U.S. House of Representatives
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Congressman Reuss:

I am pleased to respond to your inquiry of November 14, 1977 concerning stabilizing and improving the economics and job opportunities in the nation's large urban centers. I concur with you that it is a serious problem.

Several years ago when many companies were making decisions to relocate in Detroit's suburbs or in other states, we at Detroit Edison elected to keep our headquarters in the city. We have expanded and consolidated our general offices in the Central Business District of Detroit.

In addition to our general headquarters, we have two power plants--Conners Creek and Delray, our central heating plants--Boulevard, Beacon and Willis Avenue, and our major maintenance and service center all within the corporate city limits.

Just a short time ago, we reviewed our employment in the city which revealed the following statistics:

Total Edison Employment	9,655
Employment in City of Detroit	5,134
Employment in Central Business District of Detroit*	2,507

*Detroit Central Business District is an area of approximately one square mile at the very heart of the city.

So, you can see our commitment to the city in terms of employment is quite significant. Over half of our employes are concentrated in an area that is only 2% of our total service area.

Concerning plans to expand our employment, our most recent estimates call for approximately 13,000 total employes by 1985. We have not broken these estimates down by geographical area, but our employment people tell me that it is fair to assume the same proportion will be added to the Detroit area as exists in our present employment ratio between total employment and employes located in the Detroit City. There are no major factors involved since no major changes are contemplated.

Our recruitment and job training activities are rather extensive and we are proud of them.

1. As vacancies or new hires occur, we regularly first contact the Michigan Employment Security Commission in Detroit. Since a large percentage of the unemployed are from the Detroit inner city, we get many referrals from that Commission.

2. Our employment professionals are members of curriculum planning advisory committees in the public school system, usually at the high school level. This helps us to get input into the kinds of schooling most helpful to business in general, and Detroit Edison in particular.

3. Others in our Employment and Personnel Departments serve as members of advisory boards for Detroit's vocational schools. Here, more specific kinds of skill training are taught, and this provides excellent background for entry into our apprentice programs.

4. We participate in school visitations and career days. In recent years this has been limited exclusively to inner city high schools.

5. This past summer we provided co-op opportunities for 23 inner city high school students. We also make loan grants for promising students from inner city high schools to go on to engineering training at the

5. Cont'd

college level. Depending on the need, we will fund 10 to 20 eligible students each year.

6. Detroit Edison will interview approximately 11,000 job applicants this year, the majority from the City of Detroit.

7. We hired 50 persons for our assistant power plant operators' apprentice program this year. As new power plants are planned and built and as upward mobility moves these apprentices, we expect to have a continuous new group in this program each year. Again, most of these apprentices come from the City of Detroit.

The principal deterrent to expansion of facilities in the City of Detroit is the county, state and federal laws, rules and regulations concerning protection of the environment. Siting constraints for construction of power plants make the city a poor candidate for inclusion in our consideration of plans for expansion of our facilities within the city. This is a national problem and with the emphasis now placed on coal as a primary fuel source, the cost of ancillary equipment necessary to make coal plants acceptable in urban areas is prohibitive. Also, the requirement for close cycle condensing water systems requires land areas often not available or uneconomic within city boundaries.

It would be most encouraging to business and industry if the concerned levels of government could make tax incentives available to businesses which might wish to expand or locate within the urban area. City income taxes, for instance, tend to discourage locating in many cities.

Public transportation is another factor in selecting a business location site. Detroit, in particular, is overly congested with parking lots and motor traffic in its downtown area because its public transportation system is inadequate as an alternative to driving to work. This is a much studied problem but has produced little improvement since World War II. The City and the Southeastern Michigan Transportation Authority are currently negotiating with the Urban Mass Transportation

Administration on various proposals which we hope will lead to a federally-assisted effective transportation system.

As I mentioned earlier, Detroit Edison is committed to remaining in Detroit. We have in the past and continue to spend substantial sums of money to enlarge and improve those of our Detroit operations which do not encroach unfavorably on the environment of the city.

I hope this information will be of some help to you.

Sincerely,

William G. Meese

William G. Meese
Chairman of the Board

DUKE POWER COMPANY
P. O. BOX 2178
CHARLOTTE, N. C. 28242

November 18, 1977

RECEIVED
1977
HENRY S. REUSS, M.C.

The Honorable Henry S. Reuss
Chairman, Subcommittee on the City
Committee on Banking, Finance and Urban Affairs
U.S. House of Representatives
604 House Office Building, Annex 1
Washington, D.C. 20515

Dear Mr. Reuss:

This is in reply to your inquiry of November 14 concerning Duke Power Company's involvement in the central cities in its service area.

Since the service area of Duke Power (Western South Carolina and Central North Carolina, known collectively as the Piedmont Carolinas) has no really large cities, we have not experienced urban decay to the extent that it has occurred in our country's really large cities.

However, we have in each instance where a downtown urban renewal project has been undertaken, cooperated fully with the local governing authorities to make the project a success. More specifically, it has been our policy and practice to keep our General Office Headquarters in Charlotte, N.C. and our Retail District Headquarters offices in the downtown areas of such cities as Winston-Salem, N.C., Greensboro, N.C., Durham, N.C., Greenville, S.C., Spartanburg, S.C., Anderson, S.C., etc. rather than join the flight to the suburban shopping centers. In a number of these cities we have either sold our own property to the local Urban Renewal Authority or purchased property from such Authority for the construction of a new downtown office building.

With respect to recruitment and job training activities, we are an active member of the National Alliance of Businessmen, JOBS Training Program, and have furnished the Charlotte Chapter with a loaned executive for six months. This has materially aided us in meeting the goals of our Affirmative Action Program.

As to your last question, I know of no existing Federal, State, or local policies which either discourage us from or encourage us to continue our operations in central cities.

Sincerely yours,

Carl Horn, Jr.

Carl Horn, Jr.
Chairman of the Board

Duquesne Light Company 435 Sixth Avenue
Pittsburgh, Pennsylvania
15219

JOHN M. ARTHUR
Chairman of the Board and
Chief Executive Officer

December 12, 1977

The Honorable Henry S. Reuss, Chairman
United States House of Representatives
Subcommittee on the City Committee
on Banking, Finance and Urban Affairs
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Mr. Reuss:

We have read your letter of November 14 in which you express concern for the plight of our central cities and their unemployed and we share your concern. Duquesne Light Company as a public utility has an inherent interest in the social and economic conditions of the central city which comprises a significant part of our service area.

We are pleased to submit the following responses to your specific requests for information:

1. The following operations are located within the City of Pittsburgh:

   a. Headquarters building containing Executive, Personnel, Legal, Fiscal, Marketing, Public Affairs, Public Information, Engineering and System Operations departments

   b. Transmission and Distribution Department headquarters -- Downtown and Southern Districts

   c. Meter Reading

   d. Communications Department

   e. Substations and Shops Department headquarters, Central and Eastern districts

f. Stores

g. Brunot Island Power Station

h. Allegheny County Steam Heating Company

The above listed operations employ 2,031 of the Company's total work force of 4,440 employees.

2. The Company does not plan any significant changes to these operations during the next five years except some expansion possibly in meter reading. Such expansion is dependent upon the possible future Public Utility Commission decision to increase the frequency of reading customer meters.

3. Duquesne Light Company has an ongoing recruiting program which sends job vacancy notices to numerous minority and social agencies, as well as to the Bureau of Employment Security. Distribution of the job vacancy notices throughout the various B.E.S. branch offices and the other agencies (most of which are located in the city) provides a great exposure of our opportunities to the central city unemployed. The Company also participates in annually held career days located within the city which provides the opportunity for groups such as high school seniors, high school students not planning to go to college and the handicapped to meet with a large number of recruiters at one location and learn of employment opportunities.

   Duquesne Light Company also annually participates in the National Alliance of Businessmen program of soliciting pledges from business and industry to hire people from the various groups of unemployed by supplying a team of five loaned executives for this effort.

4. The locations of the Company's various operations have been determined by the needs of our system or service area. We have not experienced any major problems in locating those operations within the city for which engineering and business determinations have demanded.

Sincerely yours,

Jim M. Arthur

P. O. BOX [illegible] MIAMI, FLORIDA [illegible]

FLORIDA POWER & LIGHT COMPANY

December 5, 1977

Honorable Henry S. Reuss
U. S. House of Representatives
Sub-Committee on the City Committee on
Banking, Finance and Urban Affairs
of the Ninety-Fifth Congress
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Congressman Reuss:

Thank you for including Florida Power & Light Company as one of the nation's major corporations from whom you are seeking information concerning the plight of our central cities and their unemployed as one of our nation's most pressing problems.

Our Company has long been committed to working with local government, business and civic improvement groups to help solve these problems which we strongly feel are best resolved on the local level. Through participation in leadership roles in the National Alliance of Businessmen (NAB), Manpower Planning Council, and the Human Resources Action Committee of our Miami-Dade Chamber of Commerce, we have met and resolved many of our Central City problems. I might add that these efforts could not have been managed, however, without both adequate federal funding and the commitment of our local business community.

Our community "Central Cities" problems are strongly unique because of the massive influx of Cubans who now outnumber the blacks of the central cities by more than two to one.

Two of our service centers and one of our district offices employing approximately five hundred total employees are located in what may be classified as central cities areas. Our total work force numbers over 9,500 persons, but these people are located over our entire service area which covers approximately 45% of the State.

Our major contracting efforts are in the construction of power plants, which are of necessity located in remote locations, near large water resources and therefore, outside of any "Central Cities" location.

Our experience in working with local government and business groups dedicated to the solutions of the problems facing your sub-committee is that each community is unique and these working committees can best respond to what their real needs may be. The migrant labor problems, the hispanic problems, the major metropolitan central city problems, the Indian problem, etc., we believe all require different approaches and commitments.

23-313 O - 78 - 44

We do not feel that commitments by industry to maintain or increase operations in high unemployment areas is a practical or feasible solution to any of these problems. Restrictive environmental regulations, building codes, property costs, taxes, parking facilities, public transportation, security, and many other factors make such commitments often impossible or impractical.

Your sub-committee is charged with an awesome responsibility and I can assure you that the business community is aware and responsive to it's share of this responsibility. It is our strong feeling that business in America must be relieved of any further governmental restrictions if it is to survive and be able to provide employment to both Central City Citizens and others. The very foundations of our economic system are being strained to their limits by restrictive federal, state and local laws and regulations that hamper business expansion and in many cases threaten their ability to continue to operate.

Business can best respond to the employment needs of all citizens by its ability to grow and prosper and this can only occur in a free market devoid of the continued imposition of non-productive restrictive laws and regulations. Anything your sub-committee can do with respect to relief in this area we believe will result in an increase in employment and a reduction in layoffs and unemployment.

Sincerely,

Marshall McDonald

Marshall McDonald
President

GENERAL TELEPHONE & ELECTRONICS CORPORATION
ONE STAMFORD FORUM, STAMFORD, CONNECTICUT 06904

THEODORE F. BROPHY
CHAIRMAN OF THE BOARD

TELEPHONE 203 357-2000

December 14, 1977

The Honorable Henry S. Reuss
Chairman
Subcommittee on the City
Committee on Banking, Finance
and Urban Affairs
604 House Office Building Annex I
Washington, D.C. 20515

Dear Congressman Reuss:

The following is in response to your letter of November 14, 1977, requesting information on GTE facilities currently located in central cities and plans to expand or reduce these operations in the future.

By way of introductory information, GTE is the parent company of more than 60 communications, products, research, and service subsidiaries with operations in 41 states as well as in 17 foreign countries.

Our domestic telephone operating subsidiaries serve more than 13 million telephones in 7,500 communities of about 22 million population in portions of 30 states and all of the state of Hawaii. As you are aware, the Bell System provides telephone service to the larger cities, as well as various smaller cities and suburban areas. The GTE domestic telephone operating companies, which comprise the largest Independent (non-Bell) telephone system, serve a number of smaller cities, suburban communities, and rural areas.

Cities served by the GTE telephone companies include the western area of Los Angeles, Santa Monica, Long Beach, San Bernardino, and Santa Barbara, in California; Tampa, St. Petersburg, and Sarasota in Florida; Erie, Johnstown, and York, in Pennsylvania; Bloomington, Illinois; Fort Wayne, Elkhart, Terre Haute, and Lafayette, in Indiana; Lexington, Kentucky; Muskegon, Michigan; Honolulu, Hawaii; Durham, North Carolina; San Angelo, Texas; and Everett, Washington.

Our Products Group has manufacturing plants in nearly 80 communities, including facilities in central areas of Albuquerque, New Mexico; Cleveland, Ohio; Detroit and Wayne, Michigan; Fall River and Salem, Massachusetts; Hampton, Virginia; Los Angeles, California; Manchester, New Hampshire; Naugatuck, Connecticut; Newark, New Jersey; St. Louis, Missouri; Altoona, Pennsylvania; and Spokane, Washington. Distribution centers are located in the downtown areas of such cities as Atlanta, Buffalo, Charlotte, Cincinnati, Cleveland, Dallas, Denver, Houston, Kansas City, Los Angeles, New Orleans, Philadelphia, Pittsburgh, Portland, St. Louis, and Seattle. In addition, GTE Sylvania operates lighting maintenance centers in core areas of 15 major cities, including Manhattan and Brooklyn in New York City.

In all, approximately 45,000 of GTE's 130,000 domestic employees are located in central city facilities.

The GTE telephone operating companies obviously have a vitally important stake in the economic and social progress of the communities they serve. By the same token, the services which these companies provide are essential to continued community growth and development. Accordingly, management personnel of our telephone companies actively participate in a broad range of community-sponsored efforts designed to foster economic development as well as social action programs that include manpower training. In recent years, GTE telephone companies have constructed numerous major new facilities, such as administrative buildings and service centers, in a number of inner city areas, and we have every expectation that expansion in these cities will continue.

As pointed out in your letter, central city areas which may no longer be appropriate for heavy industry may be suitable for component manufacturing and for distribution centers. The GTE Products Group facilities mentioned above are essentially engaged in these two broad types of activity. The manufacturing plants are continuously improving their operations and adding new types of equipment, and the distribution centers are periodically expanding, witness the new distribution center currently under construction in the inner-city area of St. Louis. In addition, our manufacturing organizations have been engaged in manpower training programs under government auspices, with particular emphasis on aiding the under-employed and unemployed.

GTE moved its corporate headquarters in June, 1973, from New York City into a new 13-story, 580,000 square feet building in the urban renewal area of downtown Stamford. We were the first to locate in the area, and our move was followed by construction of a number of office buildings, a 300-unit hotel, and a moderate-income housing project (in which GTE has invested, along with five other corporations, as a limited partner).

A regional shopping center and at least two major office buildings, including one on property assembled by GTE, are scheduled for completion in the next two or three years. Thus, GTE has been a catalyst in the redevelopment of the inner-city Stamford area.

In addition, GTE is a major financial contributor to the National Urban Coalition, the National Urban League, Opportunities Industrialization Centers of America, and other organizations dedicated to improving the nation's central cities. A brochure describing GTE's activities is attached.

In response to your question 4, there appear to be no existing federal policies that have specifically discouraged us from locating operations in central city areas. Obviously, one of the primary factors in the locating of a facility is the availability of suitable potential employees. Our operations as well as those of other companies would benefit from expanded vocational training programs, particularly those directed principally toward the large numbers of unemployed young people among minorities.

A strong investment tax credit program for business is a major means of encouraging investment in new job-creating plants and equipment. Any action your committee could take to achieve adoption of the current ITC at a permanent 10 per cent level would certainly add to business confidence.

The viability of the central cities is essential to the nation's future social and economic progress, and we wish your Committee every success in its efforts to develop appropriate legislation to achieve this end.

Sincerely,

Theodore F. Brophy

Theodore F. Brophy

Attachment

(The referred to brochure is retained in the files of the Subcommittee.)

HOUSTON LIGHTING & POWER COMPANY
HOUSTON, TEXAS 77001

K. R. HINCKLEY
GROUP VICE PRESIDENT

November 29, 1977

The Honorable Henry S. Reuss, Wis., Chairman
U. S. House of Representatives
Subcommittee on the City Committee on Banking, Finance
and Urban Affairs of the Ninety-Fifth Congress
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Mr. Reuss:

In response to your November 14 letter, the following is submitted:

1) Within the central city we have the following staffing:

Headquarters Building	-	2,000 employees
Energy Control Center	-	45 employees
3 Field Operation Centers	-	566 employees

This indicates that about 45% of our 6,500 employees operate within the central city area.

2) We would expect modest growth at the Electric Tower and at the Energy Control Center based on expanding business needs related to the operations at these two locations. At the other central city locations, we might expect a contraction of operations during the next five years. The primary reason is that the workforce requirements in the central city are based on a maintenance/construction ratio which becomes increasingly more maintenance oriented as the central city matures. In the Houston economy, this ratio operates more heavily towards construction of new facilities in the suburbs and outlying communities and as a result, the workforce requirements are increasing in the outlying areas as they decrease in the central city.

3) Within the framework of the Affirmative Action Program, the Company maintains regular contact with central city schools, minority agencies and governmental agencies, specifically aimed at employing persons residing in the central city. In addition, the Company has a full-time Employment Coordinator whose prime responsibility is to maintain liaison with the minority communities to the end of providing employment at the Company among minority populations.

In the craft skill areas of the Company which employs approximately 50% of the Company's workforce, the Company has maintained for many years a job training program that provides employment for persons with minimal entry level skills. This job training program governs such areas as transportation mechanics, power plant operators, lineman, electricians and other special skills associated with maintenance/construction of an electric utility system.

4) The major factor governing the location of Company facilities is the business activity in the area involved. To provide adequate maintenance personnel coupled with appropriate response time when trouble develops, it is essential that the electric service crews be stationed throughout the service area. The construction phase of an electric utility system requires far more personnel than does the maintenance of that system once it is completed. At the present time, new construction requirements in the suburbs and outlying cities in the Company's system require that the major part of the Company's workforce be committed to serving those areas. We anticipate that this trend will continue for some time. Government policy per se would not have a direct affect on how the Company allocates its workforce. If on the other hand, government policy should have an accelerating effect on general construction activity in the central city, it would follow that the Company would be required to answer those needs with appropriate workforce staffing.

If you need any further information, please ask.

Yours very truly,

MIDDLE SOUTH UTILITIES, INC/BOX 61005/NEW ORLEANS, LA 70161/(504) 529-5222

DAN E. STAPP
SECRETARY

December 21, 1977

Honorable Members,
Subcommittee On The City
Committee On Banking, Finance and Urban Affairs
U. S. House of Representatives
604 House Office Building Annex 1
Washington, D. C. 20515

Gentlemen:

This is in reply to your letter of November 14, 1977 addressed to Mr. Floyd W. Lewis, President of Middle South Utilities, Inc.

Middle South Utilities, Inc., the parent company of the Middle South Utilities System, an investor-owned utility holding company system serving parts of Arkansas, Louisiana, Mississippi and Missouri, is located in the central business district of the city of New Orleans. Our company, together with the System's service and fuels companies, which are located in contiguous offices, employ a relatively small number of professional, technical and clerical persons. As a company, and a System, we are committed to preservation of our central city areas, recognizing their importance to our service areas.

Because of the nature of our business, we are committed to continue to operate within the central city areas and have no plans to change our scope or size of operations within the next five years.

Our employment requirements in the aforementioned companies generally demand experience and specified skills and training; however, we do participate in cooperative educational programs which permit on-the-job training for entry level positions.

The ability of our company and the investor-owned electric utility industry to remain financially sound and be able to meet increasing customer requirements, thereby providing additional job opportunities, depends in large measure on governmental policies which do not substitute experienced business judgment with bureaucratic mandates, and which allow a reasonable return on investment. Governmental policies must allow further use of coal and uranium as fuel for new electric generating facilities; encourage research into new technologies; and foster the wise use of energy. Policies which merely dictate ways in which utility customers share a potential shortage of energy over an undefined future period are both unrealistic and will not assist in the expansion of job opportunities for any segment of the nation's work force.

I trust that this information is responsive to the inquiry which we have received from your committee.

Sincerely,

Dan E. Stapp

DES:va

NIAGARA MOHAWK POWER CORPORATION

NIAGARA MOHAWK

300 ERIE BOULEVARD WEST
SYRACUSE, N.Y. 13202

JOHN G. HAEHL, JR.
PRESIDENT

December 21, 1977

The Honorable Henry S. Reuss
Chairman, U.S. House of Representatives
Subcommittee on the City Committee
on Banking, Finance and Urban Affairs
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Congressman Reuss:

As a major supplier of electricity and natural gas to nearly 30 cities in upstate New York, Niagara Mohawk shares your committee's deep interest and concern in reviving and stabilizing of central city economies. Over the years our operations have been an integral part of these cities, with many of our major generating, service and administrative facilities necessarily located near concentrated population centers.

Unlike many industrial concerns which have pulled out of the cities, Niagara Mohawk has expanded its urban operations and headquarters. Most of our major electric generating stations are located in cities or nearby industrial zones. Our investment in plants located in Dunkirk, Buffalo, Oswego and Albany is extensive.

Also we maintain large Division and area administrative headquarters in Buffalo and Albany and have our largest office complex, housing corporate, division, area and district personnel in the heart of Downtown Syracuse, immediately adjacent to the new Federal Building. Across our System, virtually all of our customer service and administrative offices are located in downtown shopping areas of cities and in many cases service garages and crew headquarters are within city limits. Altogether, of our present level of some 9,200 employees, approximately 5,000 report to work headquarters located in cities.

Within the next five years we do not anticipate any major expansion or reduction of our operations within central cities, except for our Unit #6 at our Oswego Steam Station, now under construction and scheduled for completion in 1979.

In recent years we constructed a new office wing and converted a former vehicle garage to offices at our Syracuse complex. We also purchased several adjacent parcels of substandard commercial and apartment property, improving these areas with appropriate landscaping and parking space, complementing our Downtown landmark. Just a few blocks north of downtown, we remodeled a building which once was Syracuse's first generating station, into a combination training center/archives/operations facility. We also obtained adjacent vacant commercial property as part of site improvement and substation expansion.

In Buffalo, we have constructed a major downtown substation and also obtained a vacant industrial plant next to our major Western Division crew headquarters and storeroom, with plans for remodeling the building and using the property to expand the capability of this important service center. In such downtown expansion programs the availability of reasonably-priced property, adjacent to already established centralized facilities, was paramount in deciding to remain at these locations and expand there.

Over the years we have tried to be sensitive to the needs of inner-city residents, especially to the elderly and unemployed experiencing problems with utility bills. However, at present, we are seeking to reduce employment levels through attrition, resulting in a moratorium on all new job applications and recruiting.

Despite this, we continue to have an outreach and information program to various high schools in our service area, with NM speakers discussing utility careers.

In the past, when undertaking hiring, under Executive Order 11701, we filed all positions paying $25,000 per year with the New York State Employment Service. Also, the majority of professional and managerial jobs are advertised within major Metropolitan newspapers inside and out of our service area.

We have also maintained a close relationship with the National Alliance of Businessmen to employ veterans of the Vietnam War, and maintain continued contacts with such groups as the Spanish Action League, Court Rehabilitation projects and the Urban League. Let me add that our purchasing department is currently expanding its efforts to find qualified minority vendors to bid on contracts.

As we look at our total operations in central city areas, it is obvious that policies of various levels of government have considerable effects on them. Most notable is the impact of taxes. During 1976 Federal Income and other taxes took 13 cents of every revenue dollar, accounting for a $143-million expense item, up from about $130 million in 1975, and $72 million in 1970. Our in-city facilities are also deeply affected by such federal programs as environmental protection, OSHA and various aspects of urban renewal, but it is doubtful that any of these would have enough impact to force a move out of the cities.

We hope that this has given you a general view of the role of cities in our operation. Should you or a member of your committee desire more specific information, we would be glad to provide it on any of our local operations.

Sincerely,

John Hall

NORTHEAST UTILITIES

P.O BOX 270
HARTFORD, CONNECTICUT 06101
203-666-6911

LELAN F. SILLIN, JR.
CHAIRMAN AND PRESIDENT

December 2, 1977

Honorable Henry S. Reuss
Chairman, Subcommittee on the City
Committee on Banking, Finance and Urban Affairs
U. S. House of Representatives
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Congressman Reuss:

We are pleased to meet your request for information regarding operations and employment in the central cities. Each of your questions is stated and followed by our response.

1. Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?

   Answer:

   Northeast Utilities has 7377 employees, of which 37% or 2742 work within the central city areas of our Connecticut and Massachusetts service territory.

   The following listing gives the locations and the number of employees working in each city. These employees work both in the operational and the administrative departments of the Northeast Utilities system.

Locations	Number of Employees
Danbury, Connecticut	205
Hartford, Connecticut	397
Holyoke, Massachusetts	110
Meriden, Connecticut	224
Middletown, Connecticut	220
New Britain, Connecticut	128
New London, Connecticut	103
Norwalk, Connecticut	257
Springfield, Massachusetts	518
Stamford, Connecticut	198
Waterbury, Connecticut	382
TOTAL	2,742

THE CONNECTICUT LIGHT AND POWER COMPANY
THE HARTFORD ELECTRIC LIGHT COMPANY
WESTERN MASSACHUSETTS ELECTRIC COMPANY
HOLYOKE WATER POWER COMPANY
NORTHEAST UTILITIES SERVICE COMPANY

2. What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?

Answer:

We cannot plan on expanding our operations in the foreseeable future because of the financial difficulties which Northeast Utilities and its operating subsidiaries in Connecticut face as a result of two successive unfavorable rate decisions by our regulatory authority. As of the date of this letter, NU has begun the layoff of 380 employees engaged in construction of electrical facilities and has also been forced to delay from a 1982 to a 1986 in-service date the completion of a baseload nuclear plant, the only generating facility currently under construction.

3. What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?

Answer:

Northeast Utilities lists its outside employment position vacancies with the Connecticut State Employment Service, the Urban League, the NAACP Employment Service, the Opportunities Industrialization Centers (OIC), and occasionally advertises in local newspapers in Connecticut and Massachusetts.

4. Which existing federal, state or local policies, if any, discourage you from maintaining or locating operations in central cities? What new governmental policies would encourage you to maintain or locate operations in these areas?

Answer:

We do not know of any federal or local policies that discourage operations in central cities, with the exception of certain pollution control measures that have forced the retirement of a fossil-fuel generating station due to the high cost of meeting National Pollution Discharge Elimination System requirements.

At the state level, unfavorable regulatory policies and decisions have discouraged investment in capital-intensive facilities with long lead times and are the cause for the previously mentioned cutbacks in our construction program. The investment community's negative perception of our regulatory climate will make it more difficult and more costly to raise capital. For 1978 the system must cut back on essential construction in order to avoid running into serious cash-flow problems. Only adequate and timely rate relief can turn the situation around.

Sincerely,

Helen F. Sullivan, M

2223 Dodge Street
Omaha, Nebraska 68102
Telephone 402-348-4502

W. A. Strauss
Chairman of the Board
and Chief Executive Officer

December 15, 1977

Hon. Henry S. Reuss
Chairman
Subcommittee on the City Committee
on Banking, Finance and Urban Affairs
of the Ninety-Fifth Congress
U.S. House of Representatives
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Congressman Reuss:

I appreciate receiving your letter emphasizing the need to revive and stabilize central city economies and to provide jobs for their residents. I do agree on the importance of what you and your committee are attempting to learn from business and industry about their future plans in central cities.

Northern is a strong advocate of healthy central cities and we believe this is being demonstrated through what we are doing in the Omaha area. We did, just recently, relocate the headquarters office of our retail natural gas distribution operation, Peoples Natural Gas, in a redeveloped area of downtown Council Bluffs where approximately 150 people are employed. Northern's principal central city facility is our general office here in Omaha. Most of our other operations do not involve major central city locations; so the following answers to your questions would apply to Omaha.

1. There are approximately 1,350 people located in our general office operation. Total employment in our company is 7,610.

2. Our company, through its diversified growth plan, continues to expand in energy related fields; so we expect some increase in the number of employees here in the Omaha general office. Our principal employment increases will probably be in our newer operations in other locations, but will not necessarily involve central city locations. We continue to upgrade our Omaha headquarters and the property we have acquired surrounding it. We are in the midst of making major renovations

of an older building near our main office that we acquired some years ago. This will become headquarters of our Liquid Fuels Division. We believe this improvement is a major benefit to the central city.

3. As part of Northern's Affirmative Action Program, we have been working closely with minority and women's groups, plus others, in an effort to offer more opportunities to the unemployed as well as to the underemployed. We are considering ways to involve ourselves to a greater degree on the training programs for these groups and substantial emphasis is being place on this entire area of concern. I might add that we have an organization called Northern Vocational Training Company that assists in the education of disadvantaged persons in fields such as auto mechanics and the building trades. This group operates in various parts of the country so does not necessarily involve the central city of Omaha.

4. It appears there is need for more federal funds to subsidize central city programs in Omaha, although I realize a fair amount of federal funds have been spent here. In downtown Omaha, so-called "action" funds are needed because private business can't justify certain major investments because the economics just aren't there. Omaha's overall economic condition is generally good, so we do not qualify for certain funds that could be used. A change could be made allowing additional federal funds to help encourage new operations to locate in the area.

I hope this provides you the information you requested.

Sincerely,

W. A. Strauss

NSP

NORTHERN STATES POWER COMPANY

360 WABASHA STREET • THIRD FLOOR
SAINT PAUL, MINNESOTA 55102

BRUCE A. RICHARD
VICE PRESIDENT AND REGIONAL MANAGER

January 6, 1978

Hon. Henry S. Reuss, Chairman
Subcommittee on the City
Committee on Banking, Finance,
and Urban Affairs
U.S. House of Representatives
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Mr. Chairman:

In response to your November 14, 1977 inquiry addressed to Mr. Donald W. McCarthy, you can be assured that you have our commitment to maintain our operations in the high unemployment areas of our Twin City area. We, too, share this same concern as your Committee to stabilize city economies and provide jobs. You asked for a response to four questions and I will answer each in turn:

1) The majority of our Corporation's operations are located in the central cities of Minneapolis and St. Paul. Our corporate headquarters building is located in downtown Minneapolis and employs close to 1,000 personnel. Less than one mile away is our Minneapolis Division headquarters which serves our distribution center, management offices, laboratories for testing our equipment and materials, and warehouse. We employ close to 900 persons in this facility. Across the River in our St. Paul Division headquarters, we have a duplicate facility located in the Central City which employs slightly over 550 people.

2) We have just completed our plans to expand and remodel these facilities. Our General Office building was built in 1965; our Minneapolis Division facility was remodeled in the 1960's; and we are now ending our St. Paul Division facility remodeling at a cost of over two million dollars.

3) Our Corporation is concerned with the unemployed. I serve on the Board of Directors of the Metropolitan Economic Development Corporation. We have a scholarship program in which we recruit minorities to attend a Vocational-Technical School and then hire them into our Apprenticeship Program. Our Company sponsors Junior

Achievement and Explorer Scout Clubs to encourage our youth to be exposed to our work environment. Our Training Department has worked with C.E.T.A. to help them better understand the principles of behavior modification and motivation so that they, in turn, can do a better job of working with the unemployed. We have sponsored and conducted refresher training in math and slide rule for Mexican-American youth in our community to help them in getting a head start in their training. These are projects that come to mind and I'm sure that I'm missing some. I just want to emphasize that we are concerned.

4) I can think of no governmental policies that discourage locating in the central city other than taxes. High state and local taxes could force industry to seek a location that is more favorable to their operations, although this is not true with us by the very nature of our business.

I hope this information helps you in your study.

Sincerely,

B Linnard

Senior Vice President
Division Operations

OHIO EDISON COMPANY
76 SOUTH MAIN STREET, AKRON, OHIO 44308 · 216-384-5201

JOHN R. WHITE
PRESIDENT

December 23, 1977

Honorable Henry S. Reuss
Rayburn House Office Building
Washington, D. C. 20515

Dear Congressman Reuss:

This is in reply to your letter of November 14, 1977, requesting certain information with respect to our Company and its relation to employment in the central cities. The answers to your specific questions are as follows:

1. Using as a criterion a minimum of 50 people employed in an area, we have corporate operations in the following central cities:

Akron - General Office	936
Division Offices and Beech Street Steam Plant	117
Kent - District Offices	83
Sandusky - Division Offices	60
Mansfield - Division Offices	76
Marion - Division Offices	65
Springfield - Division Offices and Rockaway Steam Plant	101
Massillon - Division Offices	59
Alliance - District Offices	68
Warren - Division Offices	81
Youngstown - Division Offices and North Avenue Steam Plant	203
Lorain - Edgewater Power Plant	135
Grand Total	1,984

$$\frac{\text{Central City Work Force} = 1984}{\text{Total Work Force} = 5348} = 37\% \text{ of our total employment}$$

2. Only modest increases in employment as justified by business conditions, are expected at these locations. On the other hand, we have no plans to close or contract them, except that Beech Street, Rockaway and North Avenue Steam plants will possibly be phased out at dates not yet fixed.

3. While we have no recruitment program aimed specifically at central city residents, our efforts to employ persons in minority groups tend to reach many such persons. Depending on the jobs for which they are employed, they are trained at our Skills Training Center and through on-the-job training. Additionally, we are involved in cooperative education programs in several institutions.

4. As suggested by our response to Question 2, we expect to continue our central city establishments, with at least modest increases in employment. We do not foresee any additional establishments, as most of our new construction is in the form of power plants, and distribution service centers, neither of which is suitable for central city locations for a variety of reasons. EPA regulations alone present so insurmountable a barrier that it would be fruitless to detail any of the others; no new governmental policies that we can conceive would overcome that single obstacle.

Our commitment to the continued vitality of the central cities is best illustrated by our recent decision with respect to the location of our General Offices. Our headquarters in central Akron, which we had occupied since the 1920's, had become intolerably overcrowded and outmoded. Our studies indicated that it would be cheaper to move to new quarters than to attempt to remodel the old. After long and sometimes painful thought, we decided that the new quarters should be in downtown Akron, rather than in a suburban area, notwithstanding the much higher cost of construction and of parking, to mention just two matters. Space was available in the "Superblock", an urban renewal area owned by the City. With the cooperation of the City, we undertook to enter into a long-term lease of a suitable building, developer was obtained, and a building made feasible by our commitment was erected. We now occupy a substantial part of the building as prime tenant and almost all the remainder has been let to other desirable tenants. The reaction of the community is exemplified by the enclosed editorial from the Akron Beacon Journal of January 29, 1974.

We wish your subcommittee well in its efforts to address the problems of the cities.

Respectfully yours,

Enclosure

Editorials

Ohio Edison's Decision A Great Gain for Akron

OHIO EDISON'S commitment to relocate in Superblock, the 6.7-acre vacant urban renewal site in the heart of downtown, has far-reaching implications. It is another key indicator of the "can do" attitude beginning to develop here.

It means that for the first time the City can entertain real hopes of landing a major developer for Superblock. And that means getting downtown — and communitywide development — into high gear.

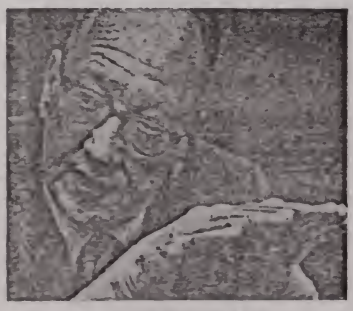
Far more is at stake here than an office building for Ohio Edison. This could result in a 30-or-40-story tower, perhaps a hotel, restaurants, theaters, even in-town apartments. In short, a complementary and even more comprehensive development than Cascade Plaza.

Ohio Edison has outgrown the N. Main st. quarters it has occupied since its organization in 1930. Studies showed it would be cheaper to build new offices than to undertake extensive remodeling.

So the alternatives boiled down to two: a new office building in the suburbs, where parking is no problem, or one downtown, where it is. Under the urging of President D. Bruce Mansfield, Ohio Edison directors courageously made the right choice — right both for them and for Akron.

It is in Ohio Edison's best interests for downtown to remain strong, because a strong downtown is vital to keep its service area healthy. And as Mr. Mansfield puts it, "I don't think you can confine the business aspect to pure economics."

At first glance, a question can be raised about whether Akron really benefits from Ohio Edison moving a few hundred yards south. It won't add to payrolls and may, for a while, create vacant office space at the present company site.



D. BRUCE MANSFIELD
". . . we must do it ourselves"

But a second look leaves no doubt about the value of Ohio Edison's decision.

Consider the facts. Ohio Edison already had decided it must move, so the only question was whether to leave downtown. The firm is staying. That's great news.

If Superblock develops, its impact will ripple outward with the same positive economic effects as the Cascade development had on its neighbors — spurring rehabilitiation of existing downtown buildings.

As for the present Ohio Edison complex, Superblock and the adjacent Federal building now under construction at Main and Market should make this attractive office space. And it will remain on the tax rolls.

But the most important consideration for the long-dormant Superblock site is that outside developers were nowhere in sight. The City, the Area Progress Board and other influential forces did everything humanly possible to get Superblock moving with no real success.

Mr. Mansfield frankly admits that if outside developers had been pounding on the City's doors to build at Superblock, Ohio Edison probably wouldn't have made its decision.

Mr. Mansfield looked at downtown and Superblock from several perspectives as head of the new Goals for Greater Akron committee's downtown task-force. He says he honestly can't say how much influence that job had on his desire to keep Ohio Edison downtown.

It was, though, at these Goals sessions that it became clear to him that if anything was going to happen downtown, "we were going to have to do it ourselves."

We'd like to think the Goals committee played a big part. It should be another factor in the dramatic turn-about in attitudes about Akron's future.

Now the Ballard administration and City Council face a tough challenge. If Superblock is to be developed properly — far more than just an Ohio Edison building jutting above a parking deck — Akron is going to have to hustle. Ohio Edison wants to be in its new building by early 1976, which is about like running a nine-second 100-yard dash.

The emphasis, though, must remain on a first-class development, of which the city will be proud for decades. With Ohio Edison as the prime mover, we have no doubts that it will be indeed.

SOUTHERN CALIFORNIA gas COMPANY

810 SOUTH FLOWER STREET • LOS ANGELES, CALIFORNIA

JOHN C. ABRAM
Senior Vice President

Mailing Address BOX 3249 TERMINAL ANNEX, LOS ANGELES, CALIFORNIA 90051

December 14, 1977

The Honorable Henry S. Reuss
Chairman, Subcommittee on the City Committee
on Banking, Finance and Urban Affairs
U.S. House of Representatives
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Mr. Reuss:

This is in response to your letter of November 14, 1977, to Mr. Paul A. Miller, Chairman of Pacific Lighting Corporation. Southern California Gas Company is the principal subsidiary of Pacific Lighting and has approximately 7800 employees at various locations throughout the southern half of California. Its headquarters, where approximately 1500 persons are employed, are located in the central portion of the City of Los Angeles. Fundamentally, our employees are located throughout the area because we serve some 12 million people in southern California who are dependent upon natural gas as their primary source of energy for such fundamental uses as cooking, water heating and space heating, and for essential uses in the conduct of commerce and industry.

We do face a serious - if not crisis level - problem related to the continued orderly conduct of the natural gas distribution business to approximately 5% of the population of the United States. Our gas supply from California production and from our two interstate pipeline suppliers of gas, El Paso Natural Gas Company and Transwestern Pipeline Company, has decreased by over 25% in the past five years -- a decrease of about 900 million cubic feet of gas per day. Initially, this impact has been upon the very large industrial users of gas, but with the projected future decline in supplies of gas from existing supply sources, the impact is projected to extend to virtually all classes of customers over the next few years. Only new sources of gas supply can prevent such a disastrous supply decline -- and the related devastating impact upon employment, including exceedingly heavy impact upon the central cities.

In an attempt to prevent such a deterioration in gas supply, our companies have been working on specific new gas supply projects since the early 1970's and urging federal government action to stimulate added supply development, both onshore and offshore, in the United States. We also are

involved in two significant liquefied natural gas (LNG) projects -- one from the Cook Inlet area of south Alaska and one from Indonesia. So far, after more than five years of effort, not one of these new supply sources has full government approval -- either at the federal or state level.

If the United States is to be able to maintain its standards of living -- keep its manufacturing, distribution and warehousing centers functioning, both in the central cities and throughout all of its population -- adequate supplies of energy must be available over the years ahead. To achieve that objective, the process of the private sector working with government to achieve the necessary actions to meet the public's needs must be improved.

Very truly yours,

John C. Abram

PP&L

TWO NORTH NINTH STREET, ALLENTOWN, PA. 18101 PHONE: (215) 821-5151

December 22, 1977

JACK K BUSBY
Chairman of the Board
821-5218

The Honorable Henry S. Reuss, Chairman
Subcommittee on the City
Committee on Banking, Finance and Urban Affairs
U. S. House of Representatives
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Representative Reuss:

It is a pleasure to respond to your letter requesting information on our operations as they relate to central city locations. We share your concerns on the plight of central cities and believe that concerted action by government and business is needed in the progressive development of city economies.

Pennsylvania Power & Light Company is an investor-owned electric utility providing service to approximately 950,000 homes and businesses over a 10,000 square mile area of central eastern Pennsylvania. The principal cities in our service area are: (population in parentheses): Allentown (109,871), Scranton (102,695), Bethlehem (72,686), Harrisburg (68,061), Wilkes-Barre (58,856), Lancaster (57,690), Williamsport (37,918), and Hazleton (30,426).

Following is information on our Company relating to the questions submitted by your Subcommittee:

1. Which of your corporation's operations are at present located in central cities, and how many persons do they employ out of your total work force?

   A. See attached tabulation.

   Where possible, we give every consideration to maintaining and expanding our operations in the cities. For example, several years ago we completed a major expansion of our general offices in central Allentown, the largest city in our service area. That decision to retain and expand our operation in center city was predicated on the concern we share with you --- the need for our corporation to contribute to the economic vitality of the downtown central city area. Our general office staff represents almost 25% of our total work force --- this action, we feel, contributed significantly to the economic health of Allentown's central city area. On the other hand, due to the nature of our business, the locations of most of our newer large regional service facilities have been dictated by the need for land sites of a size that invariably would not be available in our central cities.

A. Also, it is imperative that such facilities have ready access to major road networks for ease in moving people and equipment for service work. These locations have principally been in suburban areas adjacent to cities such as Lancaster and Williamsport. Many employees at these facilities live in the central city areas. We have also centralized our customer service operations in these regional facilities to gain more cost efficient methods and benefits, a matter of continuing concern to us in the electric utility business as well as to our customers.

2. What plans do you have to expand or contract these operations in the next five years? What major factors have influenced these plans?

A. At the present time we have no plans for expanding or contracting any of these operations in the next five years.

3. What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployed in central cities?

A. Our Personnel Department works very closely with the U. S. Department of Labor (specifically, Manpower) in the development and implementation of training programs. Considerable attention has been placed in the Allentown-Bethlehem, Harrisburg, Lancaster, Williamsport, and York areas. York is not served by our Company; however, this city of 50,335 people is within about 15 miles of one of our large power plants which provides job opportunities for York residents. Typical PP&L involvement in these job training programs includes:

- Our Company's Supervisor of vocational placement assists in curriculum development for Lehigh Valley (Allentown-Bethlehem) Manpower.

- He is Chairman of the Youth Program in Allentown under the Comprehensive Employment Training Act (CETA).

- He is Vice Chairman of the Job Development Unit in Allentown.

- He serves on the State Advisory Council on Vocational Education and is chairman of the Council's sub-committee CETA-Manpower. Here the emphasis is placed on the highest unemployment areas which are the urban areas.

- Our people participate in training sessions conducted by the Department of Labor. These have included sessions for employers and job developers in Philadelphia.

A. - We also cooperate in acquainting other industries with Manpower Programs and encourage them to get involved.

The results from these programs include the hiring of graduates from Manpower. These individuals were unemployed, underemployed, economically disadvantaged, and/or welfare recipients. They were employed as clerks, stenographers, auto mechanics, construction workers, and power plant workers. For several years I had been privileged to act as the Lehigh Valley metro chairman of the National Alliance of Businessmen whose major purpose, as you know, is to secure employment for persons with no experience, education, or marketable skills. A concerted effort by NAB has resulted in 3,674 jobs since 1968 when this program got underway. PP&L continues to play a significant contributing role in this vital activity.

Our Community Affairs Department has published a study (copy attached) entitled "Manpower Training Programs in Central Eastern Pennsylvania". The study is used with prospective new businesses and industry considering locating operations in our service area. Great emphasis in the report is given to programs employing the economically disadvantaged.

4. Which existing federal, state or local policies, if any, discourage you from maintaining or locating operations in central cities?

A. There are no existing federal, state or local policies that would discourage us from maintaining or locating operations in the central city areas. However, there are areas that can constitute a basis for a municipal economic development strategy. Following are some thoughts in this regard:

a. For example, the Council for Northeast Economic Action has noted in recent research that 40% of older cities in the Northeast have reached the limits of their waste treatment capacities. Within this total, one community in five is now utilizing its waste water treatment facilities in excess of 100% of its operating capacity. Clearly, the shortage of treatment facilities can undermine the efforts of cities to attract industry. Funding for these actions should be given top priority.

b. Discretionary spending under major federal grant programs can have a significant impact on economic development. General Revenue Sharing, Community Development Block Grants, and Comprehensive Employment and Training Act (CETA) - permit grant funds to be used for a wide range of purposes. These can be used in a greater degree as a stimulus to private sector investment.

A. c. The new HUD Urban Development Action Grant program (UDAG) to be implemented in 1978 should be most helpful in local revitalization projects. Light manufacturing is the obvious candidate for urban revitalization. Outmoded, multi-story buildings must be rehabilitated and prime parcels of land developed and made available at reasonable cost. Without a land bank or efficient floor space, job development in the city is almost impossible.

d. The creation of municipal departments-serving as a one-stop shopping center for economic development activity - would demonstrate a city's ability to deliver public services and cut red tape.

e. There is an inherent tendency for costs in all cities to rise more rapidly than revenues. Older cities suffer from cost/price disparities attributable to built-in limitation in their major source of revenue - the property tax. As property taxes are unresponsive to economic growth, municipal leaders should be supported in pursuing interjurisdictional programs that enable the central city to share in the growth of the suburbs. Wider metropolitan boundaries have to be encouraged in order to overcome the artificial limits that now frustrate coherent development of cities and adjacent suburbs.

We appreciate the opportunity to provide this input and trust it will be of assistance in the deliberations of your subcommittee. We would welcome a chance to provide additional comments and data for your committee from time to time.

Sincerely,

Jack K. Busby

Attachment

(The study "Manpower Training Programs in Central Eastern Pennsylvania" is retained in the files of the Subcommittee.)

ATTACHMENT

Pennsylvania Power & Light Company
Location of Operations
In Principal Cities Served

Listed below are the principal cities in which we have operations. We have also indicated the approximate number of people working out of those locations and the relation of each operation's size to our total work force, which numbered 6,874 as of November 13, 1977.

City	Type Facility	Employment	% of Total Work Force
Allentown	General Office	1,596	23%
	Crew Quarters	36	Less Than 1%
Hazleton	Division Headquarters	832	12%
Harrisburg	Division Headquarters	503	7½%
	Steam Plant (Harrisburg only)	39	Less Than 1%
Scranton	Area Headquarters	315	4½%
Wilkes-Barre	Area Operating Center	131	2%
	TOTALS	3,452	50%

PEOPLES GAS COMPANY 122 South Michigan Avenue Chicago, Illinois 60603

O. C. DAVIS
Chairman of the Board
(312) 431-4600

December 9, 1977

Honorable Henry S. Reuss, Chairman
U. S. House of Representatives
Subcommittee on the City Committee
on Banking, Finance and Urban Affairs
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Mr. Reuss:

I am responding to your November 14, 1977 inquiry relating to problems of central city economies.

(1) We have two functions located in Chicago's central city -- corporate headquarters for the several companies in the Peoples Gas System, plus the gas distribution operations of The Peoples Gas Light and Coke Company. Employment in the central city is about 4,300 employes out of the 6,500 in our organization.

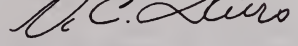
(2) Both of the functions located in the central city are expected to remain stable and in place for the next five years (see also answer to number 4).

(3) We have continuing contact with the Illinois Department of Labor, and community groups that train and seek employment opportunities for the unemployed. Open job listings have been placed with these organizations and we take formal applications and personally interview all referred candidates.

Many of our basic introductory jobs require no special pre-employment training. In those cases, when training is required, it is carried out following hiring, as a normal part of the job.

(4) Our interests are so intertwined with the fortunes of the central city that our moving out cannot be considered a viable option. Consequently, government policies which we perceive to stimulate other firms to consider locating elsewhere do not have such a profound effect on us.

Sincerely,



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PHILADELPHIA ELECTRIC COMPANY

2301 MARKET STREET

PHILADELPHIA, PA. 19101

(215) 841-4000

R. F. GILKESON
CHAIRMAN OF THE BOARD

December 13, 1977

The Honorable Henry S. Reuss,
United States House of Representatives
Chairman, Subcommittee on the City
Committee on Banking, Finance and Urban Affairs
604 House Office Building, Annex 1
Washington, D.C. 20515

Dear Chairman Reuss:

On behalf of Philadelphia Electric Company, I am pleased to offer information as requested in your letter of November 14, 1977, relating to the City of Philadelphia and unemployment.

Statistics of the Census Bureau have shown a steady loss in Philadelphia's population. In 1960, there were 2,002,512 inhabitants; as of July 1, 1976, there are 1,817,100 inhabitants, representing a loss of 185,412 persons.

The loss of population has been accompanied by a loss of industry. In 1969, there were 938,200 individuals on nonagricultural payrolls in the city; as of September, 1977, there were 796,700 employed individuals. These figures reflect a loss of 141,500 jobs. According to an article by John Gillespie of The Evening Bulletin on September 4, 1977, eighty (80) major businesses have moved their headquarters out of Philadelphia since 1972.

On November 24, 1977, Alan J. Bell, Vice-President and General Manager of Station KYW-TV in a televised editorial, spoke of the possible loss of 2,000 jobs from the Philadelphia Navy Yard. Work on the U.S.S. Saratoga and three other aircraft carriers had been scheduled here and it would have provided eight years employment for those 2,000 jobs. I hope Philadelphia does not lose them, Chairman Reuss. They are critical.

A tragic corollary to this bleak picture is the increase in a dependent population. There are two large minorities in Philadelphia, and they both came here seeking opportunity and hope. The Black community numbers approximately 800,000. I understand that Philadelphia has the worst rate of black unemployment among our nation's five largest cities - 18.1% as of 1976. This city's jobless rate for black youth is 48.3% (see Philadelphia Inquirer, Sunday, December 4, 1977).

The Hispanic community numbered 20,000 in 1960. Today, it is approximately 150,000. In less than 20 years they have increased more than five times. This is why I say it is a tragic situation because at the same time they sought fulfillment of the promise of a better life, the means to that end, employment, has been shrinking.

Both minorities are seriously disadvantaged, suffering educational deficiencies and lack of job skills. Semi-skilled and unskilled employment, which could have been entry level beginnings for many of them, have disappeared.

Now, in answer to your questions:

1) Which of our corporation's operations are at present located in central cities, and how many persons do we employ out of our total work force?

A. Philadelphia Electric Company operates 26 of its facilities - includes executive offices, general offices, customer service headquarters, generating stations (4), substations, service buildings, storage facilities, and steam plants (2), within the confines of the City of Philadelphia.

Our total work force numbers 9,698 of which 5,147 or 53.1% are employed at the above facilities. I should point out here that we have suffered a job freeze for the last three years which has been necessary because of the need to reduce operating costs. We have been able to avoid layoffs through attrition such as retirements, resignations, or death. Because we have been aware of the unemployment situation, the last thing we would wish to do is to lay anyone off.

2) What plans do we have to expand or contract these operations in the next five years? What major factors have influenced these plans?

A. We have no plans to expand operations in our Philadelphia generating stations. Further contraction of operation of these locations will depend upon the economic situation. These plants are becoming marginal, and an improvement in the economy may be required to keep all of them in service for the next five years.

Environmental regulations are a major concern in locating power plants in central cities.

Facilities such as service centers house both men and equipment necessary to operate our electric distribution system. District offices provide direct service to customers. These operations respond directly to the level of activity of our customers. If the population levels and business activity of the city were to increase, these facilities could be expanded.

3) What recruitment or job-training activities does your corporation sponsor that are specifically aimed at the unemployment in central cities?

A. Philadelphia Electric Company has been active in several programs which are described briefly:

(a) PREP - Program Resulting in Employment Possibilities.
In 1969, in cooperation with the Philadelphia Board of Education, a work-study program was begun with 12th grade students from Philadelphia high schools, both public and parochial. The average number of students in the program is 25.

The purpose of the program is to introduce students to a work-a-day situation. From September to June, the students attend school in the mornings and are released for work from 1:00 - 5:00 p.m. (4 hours). Work is clerical in nature for which students are paid. If there is a school holiday and work is available, students can work eight hours.

Results have been very satisfactory. To date 30-35% of the students have become full-time employees following high school graduation. The program is evaluated each year and its continuance is determined by budget considerations. A copy explaining the program is enclosed. The last three pages list the graduates who are now permanent employees.

(b) High School Academy Program.
Philadelphia Electric Company became an active participant in the Philadelphia Urban Coalition when it was created in 1968. One of the first outreach programs of the Coalition was directed towards the education of disadvantaged children. In 1969 the groundwork was laid for the building of an educational model under the direction of a team comprised of representatives of business, industry and the school district. In February, 1970, upon request of the executive director of the Philadelphia Urban Coalition, an executive of the Philadelphia Electric Company was loaned to the Philadelphia Urban Coalition to direct this program. The assignment was originally intended to be for one year, but due to the success of the first model, the Academy of Applied Electrical Science and the subsequent models in other vocational clusters, the involvement of Mr. Hendrik B. Koning, a staff engineer, has been continuous on a full-time basis for the past 7 years. Presently he fills the position of Director of High School Academies.

This educational effort now has the support of an ad hoc group, consisting of executives from business, industry, the unions and the School District of Philadelphia, under the leadership of Mr. J. L. Everett, President of the Philadelphia Electric Company. The attached synopsis describes the Academy concept.

(c) Recruitment in City of Chester
The city of Chester in Delaware County is the second largest city in Philadelphia Electric Company's service area.

In February, 1977, in response to an appeal from business and civic organizations in Chester, Philadelphia Electric Company assigned its senior Employment Counsellor, Mitchell L. Stevens, to visit Chester once a month to interview for possible employment opportunities. As a result, at this writing a few persons have obtained employment but not nearly enough to meet their needs.

Approximately two out of five persons in Chester are unemployed. Two major businesses, Scott Paper Company and Congoleum-Nairn Company, are maintaining steady employment levels but other businesses such as Sun Ship Drydock Company, FMC Corporation, Boeing-Vertol Corporation, and other related industries have suffered from loss of contracts.

(d) NAB - National Alliance of Businessmen
The Negro Trade Unions of NAB developed summer employment programs for teenagers. Federal funds paid the salaries of those employed. Philadelphia Electric Company employed four teenagers and was responsible for their placement and time.

(e) "The Cluster"
This program encompasses a cluster of colleges within the same geographic area. The National Alliance of Businessmen participates with Lincoln University and Cheyney College in a program whose thrust is educational and seeks to prepare persons on college level for employment. Philadelphia Electric Company, together with about 50 other companies, sends company representatives to these institutions at specific times to attend meetings with college heads to apprise them of what companies are looking for in prospective college graduates.

(f) Philadelphia Electric Company also assigns a company representative to the work of the Philadelphia Urban League who sends prospects to our company in hopes of finding them employment.

(g) Greater Philadelphia Chamber of Commerce Tier 1 Project
Philadelphia Electric Company has pledged support to this project by guaranteeing five full-time and five part-time positions.

This project is an outgrowth of President Carter's proposed one billion dollar Youth Employment Program. Philadelphia was one of the cities selected by the Department of Labor to submit proposals on ways to develop 5,000 to 7,000 jobs for disadvantaged youth. It is my understanding that the plan would guarantee employment to a youth who agreed to remain in school (to complete high school), or to one who has been a dropout and would agree to return to school and complete his/her education.

Because of the job freeze and economic cutbacks, Philadelphia Electric Company is restricted in a number of areas where the company would like to be of greater assistance.

4) Which existing federal, state or local policies, if any, discourage you from maintaining or locating in central cities? What new governmental policies would encourage you to maintain or locate operations in these areas?

A. Governmental policies which discourage location of our facilities in urban locations have the greatest influence in our selection of sites for electric generation stations. Since electric power systems are most economical when the generation is located close to the higher load density areas, there is incentive to locate new generating stations in the city.

Nuclear generating stations are precluded from all densely populated areas by National Regulatory Commission regulations.

Environmental regulations prevent siting coal burning generation stations in Philadelphia because city pollution control regulations do not permit burning coal with sulfur content exceeding 0.3%. Coal with lower sulfur content is located far from Philadelphia Electric Company. It is in great demand, thus, it is generally not available for use in Philadelphia.

Other governmental policies which could affect the already depressed economy of Philadelphia are:

(a) Increase in minimum wage which affects the unskilled worker the most. Since Philadelphia has more than its share of unskilled, it has a negative effect on employment.

(b) The plight of the cities should be a prime consideration in the awarding of government contracts, instead of being awarded on political basis. The loss of the Frankford Arsenal, which meant so much to Philadelphia, is a prime example. In addition, the loss of helicopter construction contracts by Boeing-Vertol has impacted heavily on employment in adjacent Delaware County, part of which is as highly urbanized as Philadelphia.

(c) Philadelphia Electric Company supports President Carter's goal for a sound, national energy policy. A state-wide coalition of labor and industry leaders, while favoring a comprehensive energy program, are concerned about actions which might aggravate regulatory delays, increase bureaucratic overkill and multiply contradictory governmental regulations. If these negative results occur, they foresee job losses for Pennsylvania workers - and Philadelphia - plus higher prices for consumers. A copy of the coalition's press release is enclosed.

Some measures, if applied, which could have a positive effect on the retention of business and to encourage new business to our city might be:

(a) Tax credit for locating or expanding in certified areas.

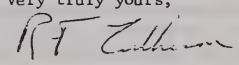
(b) Making grants and loans available to rehabilitate and modernize existing buildings in the city. The amounts of the grants or loans could be based upon the number of jobs such work would create.

(c) Tax Reductions. Providing tax incentives via tax reductions for business in general could be stimulating. A profit-making business will generate jobs which is what the economy needs.

A healthy economy which could provide more employment opportunities could also eliminate or alleviate many stressful, social ills. Philadelphia Electric Company and its employees would welcome opportunities to continue to try to reduce unemployment in Philadelphia.

If I can be of further assistance, please let me know.

Very truly yours,



Robert F. Gilkeson

Enclosures: (4)

(The enclosures referred to are retained in the files of the Subcommittee.)

POTOMAC ELECTRIC POWER COMPANY
1900 PENNSYLVANIA AVE., N.W.
WASHINGTON, D.C. 20068

W. REID THOMPSON
CHAIRMAN OF THE BOARD
PRESIDENT

December 19, 1977

Honorable Henry S. Reuss, Chairman
Subcommittee on the City, Committee on
Banking, Finance and Urban Affairs
U. S. House of Representatives
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Mr. Reuss,

The Potomac Electric Power Company welcomes the opportunity to be of assistance to the Subcommittee on the City as the Subcommittee considers proposals to aid city economies. To this end, we are providing this response to your request for information with respect to our operations.

Pepco is a privately owned investor utility which provides retail electric service to approximately two million people in a 643-square mile service area in metropolitan Washington, D.C. Consequently, a major portion of our operations is located within the confines of one central city, the focus of your inquiry - namely the Nation's Capital. Our service area includes all of the District of Columbia, major portions of Prince George's and Montgomery Counties in suburban Maryland and a small portion of Arlington County, Virginia. The latter three jurisdictions are not areas which would be identified as central cities.

The Company's corporate headquarters is located in Washington, D.C., as are two electric generating stations, a number of electric substations, and support facilities such as warehousing, service and repair facilities. Out of a total workforce of approximately 4700 employees these central city operations have the following employee complement: 1. Corporate Headquarters, 1900 Pennsylvania Avenue, N.W., 1700 employees; 2. Service Building, 2244 10th Street, N.W., Operations Headquarters, 438 employees; 3. Electric Generating Stations, Buzzard Point Station, 1st and V Streets, S.W., 210 employees; Benning Station, Benning Rd., N.E., and various small D.C. work locations, 1389 employees. This workforce has remained remarkably stable over the past four years though the Company has experienced a marked decline in the rate of load growth and kilowatt-hour sales increase. Indicative of its commitment to providing employment for central city residents, the Company has not laid-off any employees even in the face of a decrease in its rate of load growth.

Pepco presently has no plans for significantly expanding or contracting its operations in the District of Columbia in the next five years. This is due primarily to the fact that historic patterns of growth in demand for Pepco's service have been, as alluded to above, sharply altered. Consequently, in 1974, the Company's capital construction program was redesigned. This new construction program does not envisage alterations in our District operations which would have a direct and significant impact on the current level of central city employment.

We do have ongoing job-training programs, and we frequently work with various government and private agencies to recruit employees for entry level, skilled and professional positions. Job training for our Company is primarily of the on-the-job variety and occurs for the most part in the generating area. Employees are trained at entry level positions as well as mid-level, the main purpose of which is to accelerate the learning of equipment operation and maintenance. Achievement of these skills provides the basis for advancement to and mastery of positions which require higher skills and exercise of sound judgment. Currently the Company is involved in a technical skills training program for 17 disadvantaged, central-city, unemployed women within which training is provided for entry level positions in the mechanical and electrical fields. We have provided classroom and workshop space, equipment and instructors, as well as assistance in administration to this program.

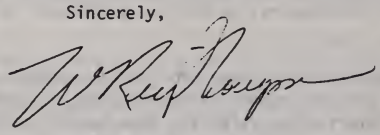
In conjuction with these job-training efforts Pepco recruits new employees by sending Company representatives to local colleges and universities and by interviewing referrals from local, government and private employment agencies. During the course of this past year approximately fifty (50) percent of the Company's "non-professional" new hires came from the ranks of central city unemployed, veterans and needy youth. Each year we commit anywhere from ten (10) to twenty-five (25) jobs to the National Alliance of Businessmen and the District of Columbia's Department of Manpower for needy youth and the disadvantaged for summer employment with the possibility of permanent employment. Our participation in all these areas of activity has steadily increased in the last five years and we anticipate that this trend will continue.

The final area of inquiry which you have set forth, namely, which existing federal state or local policies, if any, discourage us from maintaining or locating operations in central cities, has to be answered with

the nature of our operations foremost in mind. Pepco generates, transmits and distributes electricity. Consequently, the very nature of our operation dictates in large part the location of certain facilities. However, there is one policy area which impacts directly on location choices - environmental. Federal, state and local environmental policies within our service area not only discourage but foreclose location of additional generating capacity in central cities. Moreover, the operation and maintenance of existing facilities is adversely impacted by current environmental policies. This adverse impact is reflected in higher operating costs, reduced profits and to some degree retarded expansion of workforce. Hopefully your subcommittee will address the critical dilemma of balancing the pressing need for expanding job opportunities for the unemployed and the competing concern for the quality of our environment. Subcommittee consideration of the utilization of additional investment tax credits for enterprises which locate or continue to maintain employment-providing facilities in central cities would be time well spent.

I hope this response is useful to the Subcommittee during the course of its deliberations. We are willing to provide whatever further assistance you may deem helpful.

Sincerely,



Edward J. Lenihan
Vice President
Public Relations

Public Service Electric and Gas Company 80 Park Place Newark, N.J. 07101 201/430-5800

December 13, 1977

Hon. Henry S. Reuss, Chairman
Committee on Banking, Finance
and Urban Affairs
604 House Office Building Annex 1
Washington, D. C. 20515

Dear Congressman Reuss:

This is in reply to your letter addressed to Mr. Robert I. Smith, Chairman of our Company, asking for information to help your committee in considering proposals to aid city economies.

PSE&G covers less than 25% of the geographical area of the State of New Jersey, but its service area contains six of the major urban centers of the State.

1) Our corporate headquarters are located in the City of Newark. Over 3,000 persons of our work force of over 14,000 are employed here. In addition, several hundred more are employed at operating facilities in the central city area of Newark.

   The Company has significant facilities in Paterson, Passaic, Jersey City, Elizabeth, New Brunswick, Trenton and Camden.

2) In the City of Newark, we have contracted to occupy a soon-to-be-constructed modern high rise office building for general office use. The decision to locate this facility in the City of Newark was significantly influenced by the Company's desire to contribute to the stability of the central business area of the City.

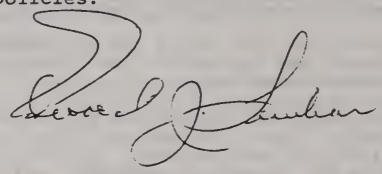
3) The personnel from the Company are involved in all of our urban areas in a variety of programs which encourage the recruitment of urban residents. We are also contributors to and participants in job training activities to assist the unemployed in the central cities.

4) We feel that many of the federal policies are disincentives for business to remain in the central cities. Great support is being given by the federal government

to less developed areas to attract businesses from the urban areas and, particularly, from the northeast to the so-called "sun belt" areas of the nation.

An instance which demonstrates this is the effort, for a great number of years, in the City of Newark to obtain federal funding for a pumping station to relieve flooding in the major industrial section of the City. The federal people insist that expansion of existing facilities must be part of the criteria for the loan. The fact that it will retain existing industries and stabilize employment has not been given proper weight in the decision-making process.

This same rationale is being applied in a number of other federal policies.



Southern California Edison Company

P. O. BOX 800

2244 WALNUT GROVE AVENUE

ROSEMEAD, CALIFORNIA 91770

December 9, 1977

Mr. Henry S. Reuss, Chairman
U. S. House of Representatives
Subcommittee on the City Committee
on Banking, Finance and Urban Affairs
604 Hosue Office Building Annex 1
Washington, D. C. 20515

Dear Mr. Reuss:

This is in reply to your letter dated November 14, 1977, concerning the plight of our central cities.

The Southern California Edison Company employs approximately 12,700 people dispersed over a 50,000 square-mile service territory in central and southern California, serving about 150 incorporated cities or portions thereof and more than 300 unincorporated communities as well as outlying rural territories.

As a public utility, our operations are located throughout our service territory in direct relationship to the number of customers we serve. The largest central city in Southern California is the City of Los Angeles, which we do not serve as it is a municipal system. There are several cities, however, which surround the City of Los Angeles, two of which we might define as central cities. They are Compton and Long Beach.

In the Compton area, Edison has a service center employing approximately 200 customer service and field construction personnel. Three small downtown offices employ a total of approximately twelve customer service employees. There is also an automotive center in nearby Huntington Park employing approximately 70 administrative and service personnel.

In the Long Beach area, Edison has a modern ten-story office building in the heart of the downtown redevelopment area. This office employs approximately 530 administrative, technical and customer service people. There are two service centers just outside the downtown area. One employs approximately 200 customer service and field construction workers. The other employs approximately 50 transmission administrative

SCE

and field construction personnel. A very large modern generating station just east of Long Beach employs approximately 410 operation and administrative employees. Another smaller, but recently completely rebuilt and updated, generating station on Terminal Island employs approximately 70 operation and administrative personnel.

As noted above, an expansion or contraction of our work forces in these areas realates to customers to be served, and no plans currently exist to either significantly expand or contract our existing personnel levels.

As an Affirmative Action Employer, our recruitment and training efforts in our 50,000 square-mile service territory include, but are not "specifically aimed at the unemployed in the central cities."

As a general statement, the Edison Company's problems in "maintaining or locating operations in central cities" have primarily involved the siting or modification of generating plants, major substations and transmission lines. Certainly, land, water and air controls promulgated through state and local requirements, but based on federal guidelines, have a drastic cost impact on such installations. It should be noted, however, that there are certain growth inhibitors which tend to reduce employment opportunities, as follows:

1. Restrictive policies and programs on water control, such as the federally mandated 208 Program.

2. Increased restructions and costs on sanitary and sewer programs, such as NPDES.

3. Air pollution control procedures and restrictions, including programs to control transportation and work schedules.

4. Regulatory and environmental clearance policies.

5. Coastal area controls.

In addition, some factors relating to government actions (or inaction) have, and will continue to have, discouraging effects on all businesses attempting to locate within central cities. They are:

1. Business license taxes based on number of employees.

2. Special taxing districts.

3. High cost of redevelopment areas.

4. Poor public transportation.

I hope that this information will assist you and your committee and subcommittees in your assigned tasks.

Sincerely,

Hutton

Alvin W. Vogtle Jr.
President

November 23, 1977

The Honorable Henry S. Reuss
Chairman
Subcommittee on the City
Committee on Banking, Finance, and Urban Affairs
604 House Office Building Annex 1
Washington, D.C. 20515

Dear Mr. Reuss:

In response to your letter of November 14 regarding the plight of the central cities and our participation therein, I am pleased to furnish answers to the questions which you raised in your letter.

Each of our affiliated operating companies, Alabama, Georgia, Gulf and Mississippi power companies, maintains its corporate headquarters in the central or downtown areas of their respective cities. Georgia Power Company is located in Atlanta and maintains its general office and the Atlanta division office within the central city. These activities employ approximately 2,400 persons. Alabama Power Company, headquartered in Birmingham, maintains its general offices and its Birmingham division offices in the downtown area, employing approximately 2,800 people. Gulf Power Company, located in Pensacola, Florida, likewise has its general offices and division operations within the corporate limits, employing approximately 500 people. Mississippi Power Company, located in Gulfport, Mississippi, has the same pattern of general office and division operations within the corporate limits, employing approximately 200 people. Additionally, each of these companies maintains division headquarters in smaller cities within their respective territories, involving the employment of approximately 3,000 additional persons.

With respect to future plans, each of our operating companies presently contemplates maintaining its general office and division operations within the same locations for the next several years. Georgia Power Company is contemplating the future construction of an enlarged general office facility, and that facility will be located in an urban renewal area within the central city. The remaining operating companies do not have plans for expansion of their existing facilities. Georgia Power Company's decision to remain within the central city was influenced by a desire to maintain the viability of the downtown area and to avail itself of access to a planned rapid transit facility which would enable employees to reach their place of work more easily.

Each of our companies recruits employees, without discrimination, throughout its operating territory. This includes central city residents who have the appropriate skills and education to perform specific jobs.

Policies which could ultimately affect maintenance of operation in the central city include local taxation, lack of adequate, economical parking space, poor local transportation facilities, inadequate road nets to provide reasonable access from outlying areas, and escalating costs of space due to higher land values in the downtown area. Future governmental policies should encourage the development of appropriate transportation and parking facilities and diversification of the tax base, since most city services are now based upon increased property tax rates.

I hope that the foregoing will be useful to you and your associates.

Yours sincerely,

Alvin W. Vogtle, Jr.

Alvin W. Vogtle, Jr.

TEXAS UTILITIES COMPANY
2001 BRYAN TOWER · DALLAS, TEXAS 75201

L. S. TURNER, JR.
EXECUTIVE VICE PRESIDENT

December 13, 1977

Honorable Henry S. Reuss
Chairman, Subcommittee on the City
Committee on Banking, Finance
and Urban Affairs
U. S. House of Representatives
604 House Office Building, Annex 1
Washington, D. C. 20515

Re: Subcommittee Letter dated November 14, 1977 to T. L. Austin; Chairman, Texas Utilities Company; Subject: Central City Problems

Dear Congressman Reuss:

The plight of our central cities and their unemployed is also a continuous concern of the Texas Utilities Company System (TUCS). We appreciate the opportunity to comment on this contemporary matter.

The TUCS which includes three electric utilities - Dallas Power & Light Company (DP&L), Texas Electric Service Company (TESCO), and Texas Power & Light Company (TP&L) - provides electric service in a 75,000 square mile area in north, central, east and west Texas. This represents about one-third of the state's area and approximately one-third of its population - some four million people.

The central cities of Dallas and Fort Worth are in our service area and we submit the following in response to your letter:

1. The central cities of Dallas and Fort Worth are served by DP&L and TESCO respectively. Of some 10,000 operating company employees, approximately 2,000 are located in these central cities.

2. Like any other public utility, expansion for the TUCS depends upon the economic expansion within the service area. To the extent that economic growth of the area continues, there may be some concomitant growth in employment in the two companies

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serving the central cities. However, there are no major new installations presently planned for the major central city areas which would offer any significant increase in employment opportunities.

3. The system operating companies support a variety of activities aimed at the solution of central city unemployment, including programs of the National Association of Businessmen and the Opportunities Industrialization Council. Additionally, their representatives serve in an advisory capacity on vocational curriculum in local school districts. The system companies conduct an employment program for central city high school seniors enrolled in career oriented education. Selected high school senior students are employed and receive on-the-job training leading to full time employment upon graduation.

4. Finally, as to federal policies which may aid in the solution of central city unemployment problems, we urge the subcommittee to recognize that there is no single cause of the problem. Traditionally, economic and social problems of urban areas vary considerably. Consequently, there is no single solution. New federal policies, to be effective, should focus directly on programs related specifically to the problems of individual cities. Federal policy should recognize the diversity of local areas, respond to local needs, and make use of what can be learned at the local level about how improvement can be made. Current federal policy which acts as a disincentive in alleviating central city unemployment is best illustrated by the recent minimum wage increase coupled with the increased tax burden of the proposed Social Security legislation now in conference. Increased selective exemptions from the minimum wage and employer-employee social security contributions may be a meaningful step in reducing the disincentives for increased private employment in the central cities. Simplified procedures for granting such exemptions would also be helpful. Consideration of categorical tax credits for trainees and apprentices may also be appropriate.

This company shares the subcommittee's concern on today's central city problems and is hopeful that this response will be of value in their search for solutions.

Yours truly,

L. S. Wright

III. ALPHABETICAL LISTING OF ALL RESPONSES RECEIVED

FORTUNE 500 LARGEST INDUSTRIALS

Responses Received
(* indicates that the reply appears in Section I)

Abbott Laboratories
Agway
Allegheny Ludlum Industries
Allied Chemical
Aluminum Co. of America
*American Brands
American Broadcasting
American Motors
American Petrofina
*Amsted Industries
*Amtel
Anaconda
Anchor Hocking
Anheuser-Busch
*Armco Steel
*Armstrong Cork
*Atlantic Richfield
*Avon Products
Babcock & Wilcox
*Bausch & Lomb
Baxter Travenol Laboratories
*Bendix
*Bethlehem Steel
Black & Decker Manufacturing
*Boeing
Boise Cascade
*Borg-Warner
*Bristol-Myers
*Brunswick
Bucyrus-Erie
*Burroughs
CBS
*Campbell Soup
Carborundum
*Caterpillar Tractor
Champion International
*Champion Spark Plug
*Chicago Bridge & Iron
*Chrysler
Cincinnati Milacron
*Clark Oil and Refining
*Clorox
Cluett, Peabody
Coca-Cola
Colgate-Palmolive
*Collins & Aikman
*ConAgra
Consolidated Aluminum
*Continental Group
*Control Data
*Cooper Industries
*Cutler-Hammer
Cyclops
Dan River

Dayco
*Deere
*Digital Equipment
Dow Chemical
Dow Corning
*Dresser Industries
*Du Pont (E.I.) de Nemours
Eastern Gas & Fuel Associates
*Eastman Kodak
*Eaton
Envirotech
Evans Products
Ex-Cell-O
*Exxon
*Fairchild Camera & Instrument
*Federal-Mogul
*Ford Motor
*GATX
General Cable
*General Dynamics
*General Electric
*General Foods
*General Motors
*General Tire & Rubber
Georgia-Pacific
Gerber Products
Gold Kist
Goodrich (B. F.)
*Goodyear Tire & Rubber
Green Giant
*Gulf Oil
Gulf & Western Industries
*Hanna Mining
*Hart Schaffner & Marx
*Hercules
Hershey Foods
*Hewlett-Packard
Hoover
Hormel (Geo. A.)
*Houdaille Industries
Hughes Tool
IC Industries
*Inland Container
*Inland Steel
*Interlake
*International Business Machines
International Multifoods
*International Paper
*International Tel. & Tel.
Johns-Manville
Kennecott Copper
*Kerr-McGee
*Koppers
*LTV
Land O'Lakes
Lever Brothers
*Libbey-Owens-Ford
Libby, McNeill & Libby

Lipton (Thomas J.)
*Litton Industries
*Lockheed Aircraft
Louisiana Land & Exploration
*Masonite
*McDonnell Douglas
*McGraw-Hill
McLouth Steel
*Mead
Merck
*Mobil
Monfort of Colorado
*Monsanto
*Motorola
Murphy Oil
*NCR
*Nalco Chemical
National Starch and Chemical
National Steel
Newmont Mining
*Norin
*Norris Industries
Northrop
*Olin
*Oscar Mayer
*Owens-Illinois
Pabst Brewing
*PepsiCo
*Pfizer
Phelps Dodge
*Philip Morris
Phillips Petroleum
Pillsbury
*Polaroid
Porter (H. K.)
*Proctor & Gamble
Purex
*Quaker Oats
*RCA
*Ralston Purina
Raytheon
*Republic Steel
Revere Copper & Brass
Revlon
*Richardson-Merrell
Rohr Industries
*St. Regis Paper
*Schering-Plough
*Sheller-Globe
Signal Companies
*Signode
Smith, (A. O.)
*SmithKline
*Sperry & Hutchinson
Springs Mills
Staley (A.E.) Manufacturing
Standard Brands
Standard Oil of California

Standard Oil (Indiana)
*Standard Oil (Ohio)
*Stauffer Chemical
Sterling Drug
Stevens (J. P.)
*Sun
Sunbeam
Sundstrand
TRW
Tenneco
Texaco
*Textron
*Time, Inc.
Tosco
Trane
Union Camp
*Union Carbide
U. S. Gypsum
U. S. Steel
*United Technologies
Universal Leaf Tobacco
*Upjohn
Varian Associates
*Vulcan Materials
Walter (Jim)
Washington Post
*Westinghouse Electric
*Westvaco
Weyerhaeuser
Wheeling-Pittsburgh Steel
*White Motor
Whittaker
Willamette Industries

FORTUNE 300 LARGEST NON-INDUSTRIALS

Responses Received
(* indicates that the reply appears in Section II)

Fifty Largest Commercial Banking Responses

*BanCal Tri-State Corp. (Bank of California)

*Bank of New York Co.

*BankAmerica Corp. (Bank of America)

*Bankers Trust New York Corp.

Charter New York Corp.

Chase Manhattan Corp.

*Chemical New York Corp.

*Citicorp (Citibank)

*Citizens & Southern National Bank

*Fidelcor

*First Bank System, Inc.

*First City Bancorp. of Texas

*First National Boston Corp. (First National Bank of Boston)

*First Wisconsin Corp.

*Girard Co.

Manufacturers Hanover Corp.

*Manufacturers National Corp. (Manufacturers Bank)

*Mellon National Corp. (Mellon Bank)

Morgan (J. P.)

National Bank of North America

Northwest Bancorp.

Nortrust Corp.

Philadelphia National Corp.

Pittsburgh National Corp.

*Rainier Bancorp.

*Texas Commerce Bancshares, Inc.

U. S. Bancorp.

*Valley National Bank of Arizona

*Wachovia Corp.

*Wells Fargo & Co.

Western Bancorp.

Fifty Largest Diversified Financial Responses

*American Express

Bache Group

*Broadview Financial

C.I.T. Financial

*City Investing

Financial Federation

*First Charter Financial

First Texas Financial

Gilbraltar Financial Corp. of California

*Great Western Financial

Heller (Walter E.) International

*INA

*Imperial Corp. of America

Investors Diversified Services

*MGIC Investment

Transamerica

*TRANSOHIO Financial

Fifty Largest Insurance Responses

*Aetna Life & Casualty

Commonwealth Life

*Connecticut General Life

*Connecticut Mutual

Continental

*Equitable Life Assurance

Franklin Life

General American Life

*Guardian of America

*John Hancock Mutual

Liberty National

*Lincoln National Life

Massachusetts Mutual

*Metropolitan

Minnesota Mutual

*Mutual Benefit

National Life

*Nationwide Life

*New York Life

*Northwestern Mutual

*Occidental of California

Pacific Mutual

*Penn Mutual

*Provident Life & Accident

*Provident Mutual

*Prudential

*Travelers

*Union Central

*Western & Southern

Fifty Largest Retail Responses

Albertson's

*Allied Stores

*Allied Supermarkets

*Dayton Hudson

*Giant Food

*Jewel Companies

Kresge (S. S.)

Kroger

*Lucky Stores

National Tea

*Penney (J. C.)

*Safeway Stores

*Sears, Roebuck

*Stop and Shop Companies

Wickes

*Woolworth (F. W.)

*Zayre

Fifty Largest Transportation Responses

Allegheny Airlines

American Airlines

Braniff International

*Burlington Northern

*Chessie System

*Chicago & North Western Transportation

*Consolidated Freightways

*Delta Air Lines

Eastern Air Lines

*McLean Trucking

Moore McCormack Resources

*Norfolk and Western Railway

*North Central Airlines

Northwest Airlines

Pan American World Airways

Piedmont Aviation

Rio Grande Industries

St. Louis-San Francisco Railway

Santa Fe Industries

*Seaboard Coast Line Industries (Family Lines System)

*Seatrain Lines

Soo Line Railroad

Southern Pacific

Southern Railway

Trans World Airlines

Fifty Largest Utilities Responses

*American Natural Resources

*American Telephone & Telegraph

*Baltimore Gas & Electric

Carolina Power & Light

Columbia Gas System

*Consolidated Edison

Continental Telephone

*Detroit Edison

*Duke Power

*Duquesne Light

*Florida Power & Light

*General Telephone & Electronics

*Houston Lighting and Power

Long Island Lighting

*Middle South Utilities

*Niagara Mohawk Power

*Northeast Utilities

*Northern Natural Gas

*Northern States Power

*Ohio Edison

*Pacific Lighting (Southern California Gas)

Panhandle Eastern Pipe Line

*Pennsylvania Power & Light

*Peoples Gas

*Philadelphia Electric

*Potomac Electric Power

*Public Service Electric & Gas

*Southern California Edison

*Southern Company

*Texas Utilities

United Telecommunications

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UNIVERSITY OF FLORIDA
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